روز در المراجع المراجع المراجع المراجع المراجع والمراجع والمراجع المراجع والمراجع والمراجع والمراجع والمراجع و مناع والمراجع المراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع

No. 30,005

Wednesday August 13 1986

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#### World news

# Dumped refugees 'each paid \$3,000°

More than 150 Sri Lankan refugees found adrift in lifeboats off Newfoundland paid \$3,000 each to be taken to a new home in Canada or the US but instead were dumped at sea, one of the castaways said. He said they had paid an Indian agency for passage aboard a ship, which was either from China or Ko-

The unidentified man, in his late 20s, said he and his competriots were put in two lifeboats and left about 10 miles off the south-eastern coast of Newfoundland a week ago.

#### Moscow talks end

A team of senior American arms experts left Moscow after two days of talks considered by the Reagan administration to be crucial to preparations for a second superpo summit later this year. Page 2

#### **NZ** out of Anzus

or more

Mary S.

 $^{\alpha} A \tau g_{B}$ 

The US and Australia suspended New Zealand from the three-nation Anzus Pact because of its anti-nu-

#### **Aeroflot for Beirut**

The Soviet airline Aeroflot resumes regular flights between Moscow and Beirut today after a break of al-

#### Lebanese battle

Three Shia militiamen were the UN Interim Force in Lebanon were injured when they clashed in 1,835.49. Page 32 a fierce gun battle. Page 2

#### Pakistan opposition

confrontation with the government. 1.558.2, Page 32

#### **US army defector**

who was confined to mopping floors. Page 32 at an army hospital in West Ger many, according to medical sources

#### Anti-cocalne drive

Anu-cocame unive land figures the dollar's index rose to 111.1 from 110.6. Page 25 preparing a joint drive to eradicate cocaine laboratories along the Amazon Jungle border.

#### **UN chief recovers**

UN Secretary-General Javier Perez de Coellar, who had a quadruple heart bypass operation less then three weeks ago, is recovering well.

#### English dock hit

stria, being towed in by a tug, wrecked a crane and damaged the

#### Sydney bets off

<u>21-23</u>

The government of New South Wales cancelled a contract with an Australian-American consortium to build the world's largest casino af-ter what it called an "adverse" po-Page 13 lice report on the partners. Page 4

#### Chess game drawn

Soviet grandmasters Garry Kasparov and Anatoly Karpov agreed to draw the adjourned sixth game of their world chess championship

#### match. The scere is 3-3. Cricket result

England were beaten by eight wick-ets in the second Test at Trent Bridge, Nottingham. The score was: England 256 and 239, New Zealand

#### Costa del sweiter

Spain's Costa del Sol were without first corporate borrower to issue water when the main supply pipe perpetual debt in the Euromarkets. burst in sweltering heat.

# Unilever

Business summary

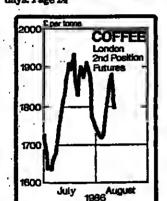
# profits rise to £513m

UNILEVER, Anglo-Dutch consumer products group, disclosed pre-tax profits of £513m (\$780m) for the first half of 1986, well above expectations and £80m up on 1985. Lex, Page 12; Results, Page 16.

WICKES, US building products group, increased its bid for Owens-Corning Fiberglas to \$74 per share making the offer worth \$2.1bn.

Page 13

COFFEE dropped sharply in the London futures market with the November position closing £85 down at £1,797.50 a tonne. The fall, sparked off by an overnight down-turn in New York, was attributed to a technical selling in reaction to the rally in coffee prices in the last two days. Page 24



killed and 17 French soldiers from WALL STREET: The Dow Jones industrial average closed 24.33 up at

LONDON: Strong buying in gold and platinum-related issues petered out, but revived interest rate hopes Pakistan opposition parties and provided impetus for equities. Gilts their main leader Benazir Blrutto decided to defy a ban on political point higher. The FT ordinary rallies during tomorrow's Independence Day, setting the scene for a military gained 13.3 to 1.242.0 dence Day, setting the scene for a military gained 13.3 to 1.242.0

1.558.2 Page 32

TOKYO: A spate of buying drove prices sharply higher. The Nikkei average added 315.58 to 17,794.69 — leading US industrial gases supplications. It is presented by the first of the company at charges from the previous year. ed to Cuba is a qualified pathologist the second largest rise on record.

> DOLLAR rose in London to DM 20775 (DM 20605); SFr 16796 (SFr 1,6560); FFr 6.7525 (FFr 6.6800), and Y154.70 (Y153.75). On Bank of Eng-

> STERLING fell in London to \$1.4845 (\$1.4865). It rose to DM 3.0850 (DM 3.0825); SFr 2.4925 (SFr 2.4625); FFr 10.0250 (FFr 9.9450), and Y229.50 (Y228.50). The pound's exchange rate index rose 0.3 to 71.4.

> GOLD fell \$2.75 to \$385.25 on the London bullion market. It also fell in Zurich to \$384.5 from \$389.50. In New York, the Comex December settlement was \$392.40.

Felixstowe docks in eastern Eng-land is working at half capacity af-ter the Danish container vessel Fal-its "no job cuts" policy in October semiconductor group, is to abandon its "no job cuts" policy in October and will dismiss 200 short-term workers this week. Page 14

VEBA. West German energy conyelfid, West German energy con-glomerate in which the Bonn gov-ernment hopes to privatise its 25 per cent shareholding next year, re-ported after-tax first-half income of DM 303m (\$146.3m) against DM 295m in the same period last year.

LIBYAN ARAB Foreign Investmen Company (Lafico), which holds a 15 per cent equity stake in Italy's Fiat group, said Libya had no plans to sell its shareholding and declared a desire to buy more shares in the Turin-based group. Page 13

QUAKER OATS, US food, toys and retailing group, said it was putting up for sale its retailing business in order to focus more closely on its US grocery and Fisher Price toy operations. Page 13

HYDRO-QUEBEC, Province of Quebec's electric utility and Cana-A million residents and tourists on terms of assets, has become the

# Oil prices jump after Iraq hits 5 tankers off Iran

BY RICHARD JOHNS AND LUCY KELLAWAY IN LONDON

OIL PRICES rose sharply yester-day after Iraqi aircraft struck five tankers off Sirri Island, Iran's vital trans-shipment centre for its oil ex-ports, in an attack regarded by analysts as a significant escalation of the Gulf conflict.

Three of the vessels - the Azarod, the Ventura and Kleila - were set ablaze, according to one marine agent. The other two, the Venture and the Mississipi, sustained minor damage, while about a dozen other tankers in the area scattered in the wake of the first Iraqi raid on the outhern Gulf facility, which could mark serious disruption of Iranian

Oil prices reacted promptly to the ews. In the US the price of West Texas Intermediate rose by nearly \$1 to about \$15.70 by mid-afternoon, while in the UK, Brent closed 57 cents higher at \$13.90,

Although the price movement is modest compared to the daily swings of several dollars seen at the beginning of last week, it is the first time in about a year that attacks in the Gulf have had a definite effect

The way the market has chosen to react to the news may be even more significant than the news itself," Mr Peter Beutel, energy economist at Elders Futures in New

The deal marks a major expan-

sion by L'Air Liquide into the US

market and one of the biggest for-eign acquisitions of a non-oil US

company. L'Air Liquide said Ameri-

Three's 36.3m outstanding shares,

to be followed by a cash merger at

the same price. The merger agreement is subject to 24.5m - 67 per

Big Three's share price immediately jumped \$4% to \$29 a share in

heavy trading on Wall Street after the joint announcement, indicating

investor confidence that the deal

In an apparent attempt to lock-up

cent - shares being tendered.



He said that the reaction was evidence of a generally more bullish feeling in the cil market. He gave a warning that future Gulf attacks could well be the trigger to send

prices higher.

The ettack came early yesterday, only a few hours after Baghdad was hit by a ground-to-ground missile, believed to be one of the Sovietmade Skud Bs supplied by Libya to Iran last year. It missed the Dawrah refinery, which was evidently its target.

Iran is now expected to intensify its efforts at retaliation through helicopters based on oil platforms off the islands of Abu Musa and Rostam. On Monday the Olympic Spirit, laden with Saudi crude south-east of Abn Musa, was hit and its

for US gas supplier

the tender price.

L'Air Liquide has built up a lead-

The group, which has a reputa-

tion as one of the best managed and

most discreet French companies, last year turned in net profits of

more than FFr 1bn (\$148m) on turn-

over of around FFr 20bn. Although details of the financing of the US operation were unavailable last

night in Paris, it is likely that the

group's negligible outstanding debt will enable it to find funds for the takeover without undue difficulty.

BY PAUL TAYLOR IN NEW YORK AND DAVID MARSH IN PARIS

er and energy equipment and services group, for \$29 a share or a total of \$1.05ba in cash.

can Air Liquide, its US subsidiary, ing world role in industrial gases will promptly launch a cash tender offer for Houston-based Big growth in 55 countries.

L'Air Liquide pays \$1bn

steering compartment set on fire, in the third Iranian strike this month on Arab oil traffic in the southern

Gulf.
Over the past few moaths the Iraqi Air Force has extended the range of its attacks on Iranian oil ship ping by utilising the in-flight refuelling capability of the Mirage F-1 strike aircraft, supplied by France late inst year, and the laser-guided AS 30 missiles, which have proved more effective than radar-seeking Exocets.

Two weeks ago several of the air craft are known to have flown over Sirri Island. It is about 250 miles south-east of Iran's main export terminal at Kharg Island. Chartered super-tankers have been shuttling oil from Kharg to Sirri Is-

Diplomats and analysts are puzzled that Iraq has not demonstrated its power to bomb Sirri Island and vessels before, given the potential of F-Is based sear Basrah and Nasiryah to reach the area by refuelling from over-load tanks on other aircraft of the same type.

The Group supplies industrial gases to the chemical, metals, energy,

However while its industrial gas

profits have been surging, the com-

pany's overall performance has

been held back by the soft energy

while sales have remained relative

The takeover is the largest in a

series of important US operations by French companies.

the energy services industry

ly flat.

The intensification of the cam paign to blockade Iranian oil exports is probably accounted for by the massive build-up of Iranian for numbering some 600,000 men Continued on Page 12

people expect."

He added that he assumed that

# **Defiant Botha** puts party on poll footing

BY ANTHONY ROBINSON IN DURBAN

PRESIDENT P W Botha last night prepared the ruling South Africa's National Party for an early general ranging speech he called for in-creased self-sufficiency in the face of sanctions and condemned what ne called intolerance towards South Africa by Western democracies.

In his keynote speech opening the federal congress of the party in Durban, he called on Sonth Africans to reject the "international conspiracy" to make them feel

The struggle in South Africa was not between white and black, be said, but "between supporters of genuine freedom and stability and those who wished to force a socialist dictatorship of a small power clique on the country."
Mr Botha reaffirmed that his

Government was "irrevocably committed to dialogue as part of the process of the broadening of our democratic institutions. He condemned "malicious attempts to discredit" his proposed National Statutory Council under which blacks would participate in top-level deci-

sion making. He pledged that if these negotiations led to "drastic changes to our constitution" he would keep his promise to consult the voters and added: "Such consultation, whether by referendum or general election, could take place sooner than most

Rising gold prices as a result of tears over sanctions are likely to improve South Africa's ability to survive international boycotts. Higher revenue not only would offset the loss of income on other exports, but also would help Soath Africa to make headway on reducing the burden of its for-eign debt. Cloud with a golden lining, Page 12

black leaders would also want to consult their followers and constituencies. But he said that the congress was not expected to take final detailed decisions on these matters,

but should indicate guidelines. Appealing to his followers "to shed the spirit of defeatism and doubt about the future of our country," Mr Botha added: "No one else has a plan or example which we can follow. The Afrikaner and all other white language groups have, as in the past, a key role to play in South

The bulk of the speech was delivered in a firm voice with few gestures. It ranged over South Africa's historical development and its unique characteristics as a multi-racial society embodying elements of both the first and the Third World. In one of the few new proposals, he suggested that greater self-governnt and autonomy should be giv-

Continued on Page 12 Boost for party morale, Page &

## World equities boosted by interest rate hopes

BY GEORGE GRAHAM AND STEFAN WAGSTYL IN LONDON

of interest rate cuts in September - shares.helped to sustain the past week's world yesterday. Strong advances managed to hold on to the 8 per cent gains made in the two previous

shareholders owning about 8 per electronics, food processing and cent of the stock have also granted aerospace industries and ranks as L'Air Liquide an option to buy their the leading industrial gas producer about the timing of any interest rates cuts and were sceptical about the degree to which they would be co-ordinated by the leading central banks, Nevertheless, the hope that rates could resume their downward path helped to improve confidence.

market. Big Three provides equip-ment and services to oil and gas The strongest surge came in To-kyo, where a 315.58 point gain took the Nikke; index to 17,794.69, within producers and ranks number five in Overall its net profits peaked at 1.5 per cent of the peak reached last \$108.9m in 1981 but have since setmonth. Trading volume more than, tied back to about half that level

rally in stock markets around the Amsterdam stock market indices reached new highs. Renewed confiwere recorded in Japan and in the dence in the outlook for domestic UK, while shares in West Germany company profits added to the outlmism created by thoughts of lower interest rates. UK equities did not share in last

higher at 1,242.0.

HOPES for an international round doubled from Monday to 830m

in Europe, the Stockholm and

week's rally, as a string of poor company profit announcements knocked stock market indices down by 3.5 per ceat during the week. sterday, however, prices extended Moaday's gains and the FT ture and heritage.

Ordinary share index closed 13.3 Mr Jacques Chirac's Govern-

Commodities, Page 24; Curren-

cies, Page 25; Sharemarket re-ports, Page 32

## French to make blue movies bear cost of culture

By Paul Betts in Paris

FRANCE'S booming pornographic industry is to do its bit for the nation's heritage. Thanks to a surprise move by the right-wing National Froat, blue movies and risque magazines will be called upon to help to

The Front struck its blow for culture – and against what it called "the shame of our country" – late on Monday night just as parliamentar ians were preparing to pack their bags for summer holidays.

It introduced a successful amendmeat to the government's local community financing and decentralisa-tion bill, giving new fiscal conces-sions to local museums when they receive grants or donations. To offset the loss of Treasury revenues, Parliament decided to increase the value-added tax on pornographic

magazines and films. It is the first time that a National Froat amendmeat has been approved by the National Assembly since the Front made its bistoric entry into the Palais Bourbon after winning 35 seats in elections last

The Froat's attack on pornogra phy was well timed. An explosion of blue literature, films and posters in recent moaths has given news magazines a plethora of summer cover

The left-wing Nouvel Observa-teur displayed four naked women holding Japanese parasols, under the headline "The Erotic Invasion." Perhaps France was turning into an all-sex society," it suggested.

The Front, apart from being a regular thorn in the side of the coaservative government, had hitherto failed to persuade parliament to consider seriously any of its extreme proposals on law and order, immigration and other social is-

But there was little the traditional parties of the right like the neo-Gaullist RPR and the centrist UDF could object to in the proposals to support local museusm and culture by taxing pornographers. In tabling the amendment, Mr

François Porteu de la Morandière the Front's deputy for the Pas de Calais constituency, said pornogra-phic films and magazines had be-come a national shame. At the same time, the Front argued that France had to defend its local culture and heritage.

ment, however, felt inhibited about Mr Stephen Lewis, chief econo- giving the Front its unqualified supat stockbroker Phillips & port, saying it regarded the amend-continued on Page 12 mend "rather unfavourably" another way of saying it basically approved but did not want to be associated in any way with the Front.

# Britain's TSB to discourage

BY RICHARD TOMKINS IN LONDON

customers and small investors.

There will also be strict limits on ing in the after market the size of stake which any single Mr Duncan Clegg, a director of investor will be able to acquire in Lazard Brothers, the merchant the company after the flotation, which is expected to value the bank part of the reason for this limitation at about £1hn (\$1.48hn). The maximus that the TSB was a peculiarly five years and 15 per cent thereaf- customer base.

plications from staff and customers.

Foreign applicants will be discouraged by a requirement that appli-holdings is aimed at protecting the

BRITAIN'S Trustee Savings Bank cations have to be accompanied by TSB from the attentions of predawill discourage foreign investors a sterling payment drawn on a UK from taking part in its offer for sale bank account. However, there will next month as part of an attempt to be nothing to deter foreign appli-direct the issue towards employees, cants who can meet this requirement, or anything to stop them buy-

Lazard Brothers, the merchant bank sponsoring the flotation, said mum will be 5 per cent in the first British institution with a British

The TSB yesterday unveiled a preferential applicants and the TSB package of special features which it seeking a wide shareholding base said were designed to put its share for the rest, we could be in danger

tors, particularly during its early

at attracting small investors to the flotation comprises three main ele-

will be kept low, at £200 for priority applicants and £400 for the public. Payments will be in two equal in-stalments, the second in about a year's time, so priority applicants could become shareholders for a down payment of as little as £100.

# foreign applicants for shares

shares under certain conditions at in the gulf coast states.

But with half the issue going to

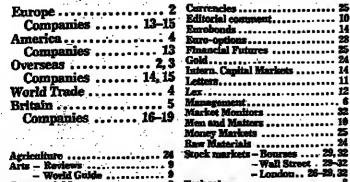
offer within the reach of millions of of over-marketing the issue if we people. About half the shares to be encouraged foreign investors as sold will be reserved for priority ap- well. It's a big issue, but not that

days on the market when the proceeds from the flotation will be an attractive cash pile. However, shareholders will be able to raise the 15 per cent ceiling in later years The package of measures aimed

The minimum tovestment levels

Continued on Page 12 Lex, Page 12

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Editorial comment: Malay- Canada: CanPac takes it on 

Italy: independent view on UK: Cornish economy deals China: bid to repair damage Panama canal: uncertainty Management: how Hitachi The pound: strong nerves Technology: mission control Lex: TSB; Unilever; Turner

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# French broadcasting reforms come to a vote

THE FRENCH Government's controversial broadcasting decountry's oldest and largest state television network TF-1, was expected to win final parliamentary approval last night. However, just before the debate was due to start in the debate was due to Hamentary approval last night.
However, just before the
debate was due to start in the
National Assembly, the government tabled several amendments which introduced aignificant modifications to the final
text approved by the mixed
parliamentary commission of
deputies and senators on Monday night.

It was a fetting climan to the

It was a fitting climax to the four month long political controversy over broadcasting deregulation in France which has turned into a parliamentary soap opera of its own, provoking not only frictions between

des Communications et Liberies modelled on the US Federal Communications Commission; the privatisation of the TF-t state network: the eventual privatisation of FR-3, the regional rates relevision network; and vatisation of FR-3, the regional state television network; and the re-allocation of operating concessions for the two private commercial television networks, the so-called Fifth and Sixth Channels. It also includes gradual deregulation of some high value added business communications and telecommunication networks and France's direct television broadcasting direct television broadcasting

casting.

They were drawn up by Mr
Francols Leotard, the Culture and Communications Minister who is also head of the Republican Party and e potential right-wing candidate for the French Presidency. But he has found the passage of bis bill heavy going.

Major amendments tancols Mitterrand.

The last minute amendments tabled by the Government yesterday were not expected to hold up final passage of the lican Party and e potential current exhausting special sestion of parliament. However, of the sum of parliament. However, of the sum of parliament approval unreratain.

Major amendments were A made to bis original text by was right-wing senators, leading Mr on Leotard to make a public out screening of feature films. The hurst against his right-wing colleagues and Mr Jacques Chirac, the Prime Minister, claiming a limit of 5 per cent of the

Among the changes proposed was one to abolish time limita on advertising during the

hroadcasting legislation before the Constitutional Council, the country's leading constitutional

body, Recent interventions by the Countil forcing the government to modify some of its proposals has caused the Chirac adminis-tration increasing irritation. Mr Alhin Chalandon, the Justice Minister, went as far as to suggest yesterday that its role should be perhaps reviewed.

## Lebanese gun battle injures 17 Frenchmen, kills three militia

BY ANDREW WHITLEY IN JERUSALEM AND NORA BOUSTANY IN BEIRUT

men.

Another three militiamen from the Shi'ite Amal organisation were wounded in the often fierce fighting—the worst milifierce fighting—the worst mili-tary confrontation in the south for over a year—which under-lined the fragility of the rela-tive calm in southern Lebanon. Encouraged by the apparent stability prevailing in the border region since its military pull-back 14 months ago, Israel has recently been talking about en-couraging investment in courtaging leading as well as couraging investment in southern Lebanon as well as greater cross-border trade.

of war dead

MR Masayuki Fujio, Japao's

Nakasone not to be deterred

By Jurek Martin in Tokyo

midday yesterday, following orders from Mr Nabih Berri, the Amal chief and Lebanese Justice Minister to bls men. The ceasefire took hold some two hours later, finally per-mitting the French to evacuate their wounded.

their wounded.

Fighting broke out on the outskirts of the village of Abassiyeh east of the port city of Tyre when a car carrying senior Amai officials refused to obey an order to stop and he searched. Mr Timor Goksel, the UN spokesman, said that Lebanese gunmen brandished their weapons at the French soldier manning the road block and tried to disarm him. Another French soldier, coming to his defence from a distance The fighting, which broke out their weapons at the French late on Monday night at e French checkpoint east of Tyre, and tried to disarm him. was the most serious incident involving Unifi forces since the Israeli withdrawal, a Unifil spokesman aaid. Amal gunmen a local Amal commander, and

AN OVERNIGHT gun battle in surrounding the French zone his guard. The third Amal southern Lebanon yesterday in used rocket-propelled grenades and heavy machine guns in night-long exchanges of fire.

In the third Amal militiaman was killed in the subsequent fighting.

France hed nreviously annual fighting and heavy yesterday, following the French zone his guard. The third Amal militiaman was killed in the subsequent fighting.

France hed nreviously annual fighting and provided the part of its 1.389strong contingent serving with the Unifil peace-keening forces since their original denloyment sinre their original denloyment in southern Lebanon in 1978. Prior to yesterday's incident, 18 French soldiers have been killed and an unknown number of others wounded while serving with the force.

President Amin Gemayel's Phalange Party set up a five-man military cabinet yesterday to resoive an inter-militia power struggle to control Lebanon's

struggle to control Lehanon's Christian heartland, AP reports from Belint.

A Phalengist communique said the group was placed under the direct authority of party cheirman Mr George Saadeh, who was seeking a compromise between the warring wings of the Lebanese forces.

## Gonzalez denies contacts with Eta

By David White in Madrid

THE SPANISH Government has not beld any secret contacts with the Basque terrorists, and there will be no political nego-tiations with Eta, the armed Basque aeparatist organisetion, Mr Felipe Gonzalez, the Prime Minister, said yesterday after meeting King Juan Carlos in Palma de Mallorca.

He was denying a series of He was denying a series of reports in the leading Madrid daily newspaper, El Pais, claiming that government officials sounded out the possibility of a truce with the alieged leader of Eta-Militar, Mr Txomin Iturbe Abasolo, hefore be was expelled from France to Gabon last month.

According to the newspaper, the decision to expel Mr Iturbe, widely considered to be one of the Eta figures most disposed to a negotiated solution, was made only after it became clear that would not bend to the Government's terms.

Madrid offered two years ago to negotiate a ceasefire with Eta, while at the same time rejecting any possible negotiation on the organisation's political demands. These include self-determina-tion for the Basque country, inclusion of the province of Navarre and the withdrawal of Spanish security forces.

Mr Gonzalez said the reports had created "confusion" and could serve to "give oxygen to the terrorist movement."

The negotiation question has brought Madrid into confrontation with the centre-right Basque Nationalist Party 1, currently struggling to hold its ranks together after a setback in the June general

The PNV government in the eutonomous Basque region has reaffirmed its policy of keeping open the option of "dialogue," while also formally ruling out "political" negotiation with Eta.

Herri Batasuna, the extremist party linked to Eta-Militar, said yesterday that negotietion with Ete was still possible despite the removal of Mr Iturbe. How-ever, the Madrid Government cleerly feels in no position to make conciliatory gestures efter the outrage caused by recent Eta violence—especially last month's car bomb in Madrid, which killed 12 Civil Guerds.

Some political observers believe the PNV may use the clash to break its two-year-old pact with the Socialists in the Basque perliament and thereby to force an early regional election. This, they say, would enable the PNV to pre-empt e possible enlinter Basque possible splinter Basque nationelist movement led by the charismetic former heed of the Basque government, Mr Carlos Garaikoetxea.

#### French growth

Economic growth picked up in the second quarter of the year boosted by strong internal demand, glving France a 2.3 per cent growth rate for the 12 months to June, the Netionel Statistics Institute said yester-day, Reuter reports from Peris. GDP grew by 1.1 per cent after failing to grow at all in the first quarter and rising 0.6 per cent in the fourth quarter of Alan Friedman on the planned launch of a financial daily newspaper

# An independent view of Italy Today

MARCO BORSA, the 43-year-old very partial," says Mr Borsa. financial journalist who is about HIs maverick style even permits an independent newspaper.

The son and grandson of former correspondents for The Times of London, Mr Borsa resigned recently from his senior post at 11 Sole 24 Ore, the pink-coloured financial newspaper which resembles the Financial Times and which has been that the pink-coloured financial times and which has been that times and which has Financial Times and which has panies which run Confindustria, been thriving in recent years. to the extent that some of With L32bn (£15m) of backing Italy's biggest companies feel from the Milao-based Ipsoa be is being too objective. from the Milao-based lpsoa trade publications group, he will edit Italia Oggi (Italy Today), an upmarket financial daily in tabloid format which is set to go on sale in Novem-

The staff is already in place The stat is already in place
— some 60 journalists poached
from II Sole, Corriere Della
Sera, La Republica and elsewhere. The paper will have
an initial run of 60,000 copies
end hopes to break-even
(120,000) copies within three
years, Italia Oggi will have a
minimum of 48 pages and a minimum of 48 pages and a maximum of 64 from the start. But most of all, stresses the matter-of-fact Mr Borsa, it will be independent

"All the big titles today are controlled by one group of another, companies or political parlies. So the news coverage, especially in finance and industry, is frequently hiased,

ministratio nto be crucial to preparations for a second superpower summit

The Sovlet Foreign Ministry

spokesman, Mr Gennady Gerasimov, described the talks as "businesslike and a fair exchange of views," adding that they bad centred on space-based

weapons involved in the Star

Wars programme and a nuclear

BY CATHERINE REDDEN IN MOSCOW

A TEAM of high-level US arms test ban.. They were not aimed

experts left Moscow yesterday directly at the summit but had following two days of talks "been held within the frame-considered by the Reagan ad-work of preparations for e

financial journalist who is about HIs maverick style even permits to launch an Italian newspaper, him to take a shot st his does not mince his words. In the Italian financial world of sometimes deliberate obfuscation owned by Confindustria (the sometimes deliberate obfuscation) and is tion be says he dreams of an uncritical newspaper of the achieving a rare thing in Italy: establishment."

This comment, although true of aeveral other newspapers, may be a trifle exaggerated when it comes to the li Sole
now being produced under the
editorship of Mr Gianni
Locatelli. He has worked hard
to avoid the influence of com-Many bankers and investors believe privately none the less, that Italy needs a less manipulated financial press. Says Mr Borsa: "Financial journalists in Italy are too often tied to the centres of financial power. They canoot, therefore, do their own job, which is to report and analyse objectively. Many of them simply serve big companies and not the public. There is too much corruption in Italian financial journalism. The situation has become acute."

Here, his hard-hitting comments do not appear far-fetched. The sad truth is that the rapid growth of Italian industry in recent years and the boom on the Milan bourse have created for journalists opportunities for personal gain which bave not always heen resisted.

meeting hetween Soviet Foreign Minister Edward Shevardnedze

and US Secretary of State

they were expected to prepare for a summit between President

Ronald Reagan and Mr Mikhail Gorbachev later this yeer.

The two men are to meet in Washington on September 19-20. The US State Department sald

George Shultz."



Marco Borsa, reckoned by many to be Italy's finest financial journalist.

But how does the editor of Italia Ocgi propose to vet his staff? Mr Borse's answer is unequivocal: "I bave told every journalist of mine that I will not tolerate militants either on behalf of political parties or of companies. If I find them they will be sacked."

A news blackout was imposed

by both sides on the talks which began on Monday in a secluded

country mansion outside Mos-cow However, in a brief com-ment to reporters, the Peul Nitze, who beaded the US team,

said the discussion had been "serious" but he hinted that

little concrete progress had been made in Monday's opening eight-hour session. No final comment was given by the US slde before their departure yes-

Doubt over progress at Moscow arms talks

has sold 120,000 copies. Mr Borsa reckons that 80 per cent of his readership will be husinessmen who also take II Sole. "But we will not take more than 10,000 readers away in the nearly states."

in the early stages."

Mr Locatelli does not appear

"Marco

Mr Locatelli does not appear unduly concerned: "Marco Borse is an excellent journalist, but competition is good for the system. Why shouldn't two papers co-exist?"

Mr Borsa is praised not only by bis former editor, but also among many foreign hankers and businessmen in Italy who rate him as the country's best financial joornalist. His cereer, which began in the late 1960s controversial new Education Minister, yesterday in effect urged Prime Minister Yasuhiro from visiting on Friday the Tokyo shrine which com-memorates the country's war which began in the late 1960s with Renters in Milan, include stints at Readers Digest, Corriere Della Sera, La Stampa

end numerous magazines.

Despite his outspoken attitude, however, Mr Borsa says
be is not settlog out to he

In e lunchtime speech, Mr
Fujio said Mr Nekasone should
go to the Yasukuni Shrine
"with confidence," regardless be is not settlog out to he aggressive, "just lodependent." Then, touching a most delicate area—the fact that the newsoaper has awarded its edvertisment of the settlement of of what foreign nations thought about the militaristic symbolism Since taking office last month, ing ageocy contract to Publi-kompass, a company controlled by Fiat—the tough-minded Mr Fujlo, a veteren politician long known to inhabit the far right of the ruling Liberal Democratic Party, has raised backles in China and South Marco Borsa responds that "I don't have any fear of that-the advertislog agency can only manipulate when the editor is Korea by suggesting that Japan did not bave to be ashamel of everything in its past, including its invasions of the

But is there e market for a second Italian daily financial newspaper? Il Sole 24 Ore is doing so well that its circulation has doubled to 300,000 in the amount of the second in the sec newspaper? Il Sole 24 Ore is doing so well that its circulation has doubled to 300,000 in two years and a hook called "How To Read Il Sole 24 Ore" would be the point?"

Wars programme was not negotiable, "Some circles view SDI as a sacred cow and they

are on guard. They do not wan Reagan, the cowboy, to lose that cow," he sald.

Both teams consisted of lead-

ing negotiators from the Geneva erms talks, which adjourned on July 3t reporting little narrow-ing of differences.

#### Chinese gold smugglers Nakasone undermine production drive urged to visit shrine BY ROBERT THOMSON IN PEKING

THE Chinese Government's counter smuggling, but the gap

A company official com-plained that "if the individual panners turned all their pro-

The China Daily reported yes-terday that "varions new measures" would be introduced to tighten control over indivi-

Warming to the theme yesterday, he said that the Japanese themselves had become far too timid in looking back, The education system itself, he said, needed a rebirth of nationalism and a new amphatic on Japanese tradiemphasis on Japanese tradi-tional values; parents should fly the rising sun flag over their homes,

two nations.

bere that Mr Nakasone will go to the shrine on Friday, the anniversary of Japan's surrender in 1948, in his official capacity, though several of his orbital matters. Mr Gerasimov also raised: doubts about the progress in the talks, criticising statements from Washington that the Star cabinet ministers may do so. Mr Nakasone has visited the sbrine in the past, but last autumn postponed another visit after strong protests from China in particular,

There is some nervous debate here over whether Mr Fujio is simply an ageing generational aberration, thrown up by political machinations to a position of authority, or whether he reflects, even if in cruder language then usual, a real resurgence in nettonalism. real resurgence in netionalism

#### Japanese opposition in disarray

By Our Tokyo Correspondent

THE parlous state of opposition politics in Japan has been further underlined this week by developments affecting two of the minority parties.

The Jepan Socielist Party, the second largest in the Diet, had the mortification of seeing a Monday deedline pass without any candidate filing to succeed the outgoing chairman, Mr Masashi Ishlbashi.

Masashi Ishibashi.

Secondly. the New Liberal Club, which formed e coalition with the ruling Liberal Democrats from 1984 until last month's general elections, announced thet it was going to disband itself and that its handful of MPs were going to rejoin the Liberal Democrat Party, with which it split 10 years ago.

Mr Ishibashi. a moderate, has with which it split 10 years ago.

Mr Ishibashl, a moderate, has announced his intention to resign because of his "responsibility" for the party's disastrous result in the election, when its Lower House representation dropped from 109 seats to 85, its worst performance to date.

His pending departure has a series of the se

His pending departure has re-opened a schism which be bed tried to mend between the doctrinaire left and the pragmatists. Mr Ishibashi had

pragmatists. Mr Ishibashi had won some significant intra-party victories in his campaign to give the JSP a more moderate fare, but bis credihility and authority were gravely dameged by the electoral sethack.

The New Liberal Club also suffered at the polls, ended with just eight MPa in both houses, down from a neak of 18 in 1976. The LDP's landslide victory instantly obviated the need for a coalition and left the NLC, a conservative splinter group which broke with its parent in 1976 in protest over the ruling party's "money politics," with no obvious raison d'etre,

plan to encourage individual between the state and world gold prospecting as part of price remains a great incentive national drive to increase production has been undermined The gold company official by a sharp increase in gold smuggling, according to the state-run China Gold Company.

ducts over to the state" national output would have been far higher than the 8.7 per cent increase reported in the first seven months of this year.

dual miners and cited the case of 60,000 prospectors in the western province of Qinghal who have collectively turned in only 300 ounces of gold so far .

to smuggle.

The gold company official admitted the purchase price was still low compared to the world price, but sald that the state bad no immediate plans to parrow the grap though he connarrow the gap, though he con-ceded that the price would have to be adjusted at some time in the future.

Government officials estimate that 180,000 Chinese farmers that 180,000 Chinese farmers bave turned gold prospector in recent years. About half of those are working individually and the rest are working in small mines owned by local governments and collectives. There has also been something of a gold rush by Chinese consumers and domestic sales of gold ornaments have risen

who have collectively turned in only 300 ounces of gold so far of gold ornaments have risen dramatically. Peking allowed this year.

Peking last year raised the gold purchase price from 697 yuan to 895 yuan an ounce (\$7.3m), while last year's sales (\$188.40-\$241.90) in a bld to

## Warning on bankruptcies troubles Peking hardliners

BY ROBERT THOMSON,

several cities has inspired a bankruptcy law is "very fierce dehate among senior necessary" as chronicly ill comofficials over whether the move is ideologically bankrupt—a debate particularly relevant to this central Chinese city after two factories here were issued convince the unconverted that

#### Dead wood

Numerous senior party officials have yet to be converted to the reformists' drive to lop the dead wood from China's state-run corporate tree. A vice-mayor of Wuhan, Liu Zeqlag, frankly admitted that there is much "argument" over these test cases, though it is his bope that "the argument will make that "the argument will make things clearer."

people, far more than the already bankrupted Shenyang factory, which had 72 factory, employees.

#### Relief fund

The Shenyang workers will receive 75 per cent of their wages during the next six months, which will be replaced by a relief fund of ebout 30 yuan a month if they are still unemployed. The average wage for urban employees is about 80 yuan a month. Three cities

three cities, Wuhan, Shenyang and Chongqing, in the south-west, have been chosen to test a proposed bank-ruptcy. law. A draft of the law was presented to e standing committee of the National People's Comments. People's Congress, the Chinese version of a parliament, two months ago, but is believed to heve met strong opposition. At the time, the law was hailed as a "further big step to smash the iron rice how!" that has guaranteed the survival of companies regardless of per-

THE Chinese Government's formance. Zhang Yanning, decision to allow state-run companies to go to the wall in Economic Commission, said a panies are "inappropriate for the present economic reforms." Since then the Chinese media with bankruptcy warnings this week.

An instruments factory in the northern Chinese city of Shenyang announced its bankruptcy ago claimed such a law is "an inevitable historical outcome."

yang announced its bankruptey ago claimed such a law is "an earlier this month in what was the first case since Communist rule began in 1949, and in what was clearly an experiment to test the depth of financial feeling in the Communist Party.

There would be a such a law is "an experiment to invest able to the overall trend of historical development, I think eliminating backward enterprises is progressive. Why should we keep those enterprises which cannot be a such as a law is "an experiment to the overall trend of historical development."

There would be a such a law is "an experiment to the overall trend of historical development. I think eliminating backward enterprises is progressive. Why should we keep those enterprises which cannot be a such as a law is "an experiment to the first case since Communist rule began in 1949, and in what the overall trend of historical development. I think eliminating backward enterprises is progressive. keen on going because their equipment and technology are completely out of dete?" asked the article, which was apparently written by a state

Diplomats are wondering what standards will be used to determine bankruptcy — one noted that if western stendards are epplied, thousands of statethat "the argument will make things clearer."

The two Wuhan factories put on notice by the city's government see the Wuhan measuring end cutting tools factory and the Wuhan experimental cloth mill. Officially, they have no more than a year to turn their losses around.

However, Liu said the city was installing new managers at of the Government, some of whom alresdy gone too far, too fast. However, the Economic Daily article said bluntly:

"Why shouldn't we make use of the advanced science and

losses around.

However, Liu said the city was installing new mansgers at the threatened companies and it should be clear within e few months whether they can be salvaged. The tools factory bas suffered losses for 11 of the 17 years it has been in operation, while the mill lost 255,000 Ynan (£47,000) in the first half of this year.

The fate of the displaced workers is a sensitive political issue. The two Wuhan factories employ a total of 1,500 people, far more than the shearly hapkrupted Shenvang increase the number threatened, as state-factories are ellowed to choose suppliers rather than being tied to traditional summiers who are often lnefficient.

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# Chernobyl threatens Lapps' centuries-old way of life

THEN AND NOW: The Berlin Wall, seen under construction on the left, is 25 years old today. More than 30,000 people have escaped over it since 1961 and 74 have died in the attempt. In the city itself, both sides have kept watch on one another

base escaped over it since 1301 and 14 have died in the attempt. In the city itself, both sides have kept watch on one another—like this British soldier at Checkpoint Charlie—for every minute of that quarter century. In n message released by the US embassy in Bonn yesterday, President Ronald Reagan called the Wall proof of the failure of totalitarian governments.

"Berlin's division, like Europe's, cannot be permanent," be said

face an abrupt end to a way of life they have known for centuries as radioactivity in their reindeer herds continues to rise sharply in the after-math of the Chernohyl nuclear power plant disaster, Reuter reports from Oslo.

Norwegtan and Swedish health authorities estimate that meat from tens of thousands of reindeer earmarked for this autumn's cull will have to be destroyed because of high radioactivity. "This situation is a cul-tural catastrophe for Lap-landers and mountain

landers and mountain farmers in southern Norway,"

says Mr Terje Skogland of Norway's Directorate for

he says.

Reindeers' grazing habits give them a diet that includes a great deal of lichen, making them far more susceptible to radialion poisoning than other animals in the region. Lichen take neutrichment from the take nonrishment from the air, and absorbed much of the caesium that swept across the highlands of central Scandinavia after the accident lo May.

About a third of Sweden's 270,000 reindeer bave re-

eelved bigh radiation doses, according to scientists from Umea University in northern Umea University in northern Sweden. Samples have shown levels averaging between 1,000 and 15,000 becquerels (bq) of caesium 137 per kilo of reindeer meat in the worst affected areas. Sweden declares meat showing more than 300 bq as unfit for human consumption. Radiation levels have been even higher in Norway, where np to 40,000 bq—68 times above the 600-bq safety limit set by Norwegian health authorities—have been found. To cope with the dilemma, Norway's Ministry of Agricul-

ated areas to be taken off the

accident could run as high as SKr Ihn (£97m).

The measures are aimed at helping about 200 Lapp families dependent on reindeer in southern Norway and a large segment of the 15,000-strong Lann ponolation in neighbouring Sweden.

But money is not the only grohlem for Sweden and Norway's Lapps. "Radioactivity poses a serious groblem for their whole way of life," says Mr Skogland. Lapps and highland farmers have for generations been more or less self-sufficient,

been issued in Norway.

Scientists have warned that the problem will haunt reindeer herders for years to come. "This could have grave ecological and economic consequences for perhaps the next 30 years, which is the radioactive half-life of caesium 137," says Mr Skogland.

Nature Management, "We fear the long-term economic consequences will force many Lanns to give un and look for other livelihoods, thereby ending a way of life they've known since the last ice age,"

Norway's Ministry of Agricul-ture has ordered all tame reindeer meat from contamin-

market, and is offering herders some NKr 18 a (£1.65m) compensation for the loss. Sweden estimates damages after the Chernohyl accident could run as high as SKr Ihn (£97m).

llving off foods that could be gathered, bunted or raised near their remote homes.

Sweden's National Food Administration has urged people living in the north of the country to avoid fish from rivers and lakes, where radioactivity collects with natural runoff, and not to eat too many berries or mushrooms. Similar warnings have been issued in Norway.

Scientists have warned that

#### **OVERSEAS NEWS**

# Stock market surge boosts morale at Durban congress

BY ANTHONY ROBINSON IN DURBAN

HIGHER gold and platinum prices and a stock market setting record high levels, albeit in terms of the depreciated rand, gave a boost to the morale of Sonth Africa's ruling Nationalist Party at the opening of its extraordinary federal congress in Durban last night. before the congress opened. Dr Gerbard de Kock, governor of the reserve hank, said that the higher gold price meant that this year's target for a current account balance of payments surplus of between R4-6bn was

ires p

iggler

etion di

now assured.

He also revealed that South Africa has just repaid the third of eight tranches on its \$800m loan from the International Monetary Fund and fully intended to honour its other outstanding commitments under the terms of its partial debt moratorium obligations.

However, good news on the

However, good news on the economic front was clouded for the Government after Monday's judgment by a full beach of the Natal court which declared invalid two key clauses of the state of emergency regulations introduced on June 12.

The judgment, which could lead to the release of thousands of detainees, is subject to an urgent appeal by government counsel, Legal experts say it represents the most important judgment to have been handed down on the emergency regula-

tions so far.

Professor John Dugard, of Witwatersrand University Centre for Applled Legal Studies, also called it "the most important human rights judgment for many-years." Thus far only two people, including Mr Lechesa Tsenoll, Natal publicity secretary of the United Democratic Front (UDF), have been

ports from Lusaka.

The pair arrived in Lusaka on Monday night after being released in the northern town of Kasama on

Sunday.

Their three companions, all

Swiss, were expected to arrive in Lusaka yesterday, but another woman member of their party, Sus-an Basier-Lamb, a Zimbabwe-born

Swiss national, was still being de-

The official declined to name the

five tourists who had been freed but said the Swiss were all from Ger-man-speaking Switzerland.

drought-prone Sahel region remain

among the world's poorest despite a

decade of US aid, a congressional study said yesterday, Reuter re-ports from Washington.

The study by the Office of Technology (OTA), a research arm of

Congress, estimates that as much

as \$200n in long-term international aid will be needed for the region to

Sahehans lag behind most of

Africa in child survival, life expec-

tancy, individual annual income

and per capita food production," the

The report, ordered by Senator

Edward Kennedy, was an interim review of a 10-year US development programme that channelled \$1.4bn

to Chad, Nigeria, Mali, Senegal, Burkina Faso, Manritania, Gambia,

be self-sufficient in food.

report says.

The two in Lusaka seemed to be

tained, the official said.



De Keck . . . good news

the congress in the set piece debate on internal security methods today. Although over 200 people, mainly hlacks, have been killed in violent incidents

been killed in violent incidents since the emergency was declared, the Government maintains that the level of violence has dropped markedly in recent weeks.

The argument that ordar albeit maintained hy tight restrictions, is a vital prerequisite for further cautious reform, is expected to be one of the central themes of the congress.

Meanwhile Mr Colin Eglin, leader of the white opposition Progressive Federal Party (PFP) yesterday called on President Botha and the congress not to succumb to the temptation to exploit international sanctions as an issue for party gain hut as an issue of vital importance to the country as a whole. He also

Lechesa Tsenoli, Natal publicity secretary of the United Democratic Front (UDF), bave been released as a result of the judgment. But lawyers acting on behalf of the estimated 10-12,000 people arrested under the emergency regulations were yesterday urgently preparing applications for their release.

The so-called Tsenoll judgment which declared that President P. W. Botha bad acted beyond his powers in promulgating two key sections of the emergency regulations, granting security forces the right to arrest and detain without a warrant, is not bluding on courts in the other flues provinces hut sets a precedent of "strong persuasive value," legal expects claim.

This week's court decision is expected to be an embarrassment for Mr Louis le Grange, the Minister for Law and Order, who is due to address

the Tanzanian border, soon after they had entered Zambia from Mal-

. They were travelling overland

from Cape Town and had been planning to take a ferry across

Lake Tanganyika to the Burundian

who was travelling alone, was tor-tured by Zambian police, the Aus-trian Government advised its na-

tionals last week not to travel to

Zambia except for urgent business reasons. The woman was freed late

last month after being held for

three weeks. President Kenneth Kaunda of

The report found that, while US

and other international aid - in par-

ticular for agricultural development

projects - had helped to ease the re-

gic . problems, much more needed to be done to find long-term solu-

It said the region had the re-

sources necessary to be self-suffi-cient in food by the end of the cen-tury but it would require a co-ordi-

nated effort by the international

community over 15 to 30 years and cost an estimated \$15bn \$20bn.

Interim findings of the study, which is not scheduled to end until

The 164-page report made several

recommendations, including ways to make the Agency for International Development, which administers

US foreign aid programmes, more

After another Austrian woman,

**Tourists recovering after** 

Zambian police beating

TWO TOURISTS, a Swiss man and Zambia has been in a state of

an Austrian woman, who suffered severe beatings while in Zambian numbers of foreigners have been detained on suspicion of being freed but remained in a state of the six Swiss and Austrian tour-

shock, according to an Austrian emists were held on July 24 in the rebassy official in Zambia, Reuter re-mote northern town of Nakonde, on

in reasonable physical condition considering the circumstances, she said.

Zambia said on Sunday that he had not been informed of detainees being maltreated but if the reports

The tourists are among more than a dozen foreigners who have been maltreated by Zambian police since a South African air raid on an alleged African Maltreated out it the reports were confirmed, those responsible would be punished.

Britain and West Germany have allowed African Maltreated been maltreated by Zambian police since a South African air read on an alleged African National Congress (ANC) guerrilla base near Lusaka in May. would be punished. Britain and West Germany have also complained of their citizens being brutally maltreated and have lodged strong protests with the Zambian authorities.

West Africa 'still poor

NINE West African countries in the Cape Verde Islands and Guinea Bis-

"At the same time they face mounting debt, expanding populations and degrading natural remote long-term economic develop-

ment in Africa.

despite decade of aid'

### Kwandebele rejects independence

By Our Foreign Staff

LEADERS of South Africa's Kwandebele tribal homeland north of Pretoria yesterday rejected a plan for the territory's independence, following months of violent opposition to the proposal during which ahout 100 people were killed. The decision not to opt for

independence was taken by the homeland's legislative assembly after a four-hour discussion. South African and Kwandebele officials have privately expressed doubts for some time about the wisdom of aetting up another nominally -independent state within South Africa's bordera.

Four of the 10 homelands established under apartheid policies — Venda, Bophuthatpolicies — venda, Bophutiat-swana, Clskei and Transkei — have aiready taken indepen-dence but are not recognised internationally. Mr Solly Mahlangu, speaker of the assembly, announced the

decision and expressed the fears of the homeland's black residents who do not want to hecome aliens without the right to work in "white" South Africa. "Independence is being uprooted and eradicated." he said. "The Kwandehele people do not agree with independence and they will not opt for it." Anzus allies remain optimistic

DESPITE the breakdown in the 35-year-old Anzus pact between the US, Australia and New Zealand, due to Wellington's decision to forbid visits by US nuclear armed or propelled warships to New Zealand ports, neither Washington nor Wellington wants the treaty

torn up. Each bopes that a new government in the other's capital will enable the rupture, confirmed by Washington's announcement late on Monday that it would suspend its security obligations to New Zealand to be healed.

Whether such optimism is warranted on either side is queationable.

In Australia, Mr Bob Hawke's Lahor Government has Lahor Government has studiously avoided taking sides in the dispute. It disagrees with the stance of Mr David Lange, the New Zealand Prime Minister, but upholds his right to adopt it. There is little chance, however, of Australia succumbing to the so-called "Kiwi disease"—the export of the anti-nuclear policy to Australia and other more sensitive parts of the world such as Japan or Western Europe—as some US officials seem to fear.

Australia's history, its geo-strategic position and political culture, all militate against such a possibility.

The Hawke Government has established a surprisingly close relationship with the Reagan

Administration, despite serious differences over US subsidised wheat sales to the Soviet Union. It is a relationship that is too close for many on the left of the Labor Party.

Andrew Mack reports on the background to the rift in the pact

Notwithstanding this amity at governmental level, impor-tant differences exist on a wide range of security policiea. On questions relating to nuclear arms control, for example, the disagreements between Washington and Canherra are profound and often heated.

The most recent source of

American concern has been the wide - ranging and much-publicised report on Australia's defence force structure by former academic and senior intelligence analyst, Mr Paul

The Dihh Report was released in June; its main thrust has been warmly endorsed by the Government. The report provides a tightly and cogently argued rationale for the radical ahift in Australian defence thinking and force procurement policy which bas been under way for a decade and a half. The new defence thinking stresses self-reliance and rejects the earlier doctrine of "forward defence," which had involved Australia in fighting alongside its allies in distant theatres like Korea and Vietnam. The Dibb report argues for an essentially defensive strategic

approach
Dibb's "strategy of denial" would seek to repel armed



Hawke: avolded taking sides.

aggression against Australia through a layered defence system which places primary emphasia on the nation's increasingly effective maritime strike forces—most of which are armed with the potent are armed with the potent Harpoon anti-shipping missile. In Australia many of Mr Dibh'a arguments and assumptions have been atacked by conservative critics nostalgic for "forward defence" and suspicious of the defensive orientation of Mr Dibb's proposed strategy. The general thrust of the report doesn't seem to have pleased American seem to have pleased American hardliners such as Admiral

James Lyons, the US comman der in the Pacific, either.

At a conference at the Naval War College, Newport Rhode Island last month, Mr Lyons and other critics expressed grave reservations about some of Mr Dihh's recommendations.
They rejected his asseasment that Australia will confront no major threals over the next eight years

Other signals coming from Other signals coming from Washington have been more supportive of the report. Indeed, the US has little cause to complain. Australia's growing stress on military self-reliance is due in large part to past US pressures—in particular to the Nixon Doctrine of 1970 which called on US allies to take primary responsibility for their own defence in regional conflicts. The Dihh regional conflicts. The Dihh report, and more than a decade of Australia defence planning before it, are a response to precisely these American pres-

There is much speculation in Canberra and Wellington about the outcome of next month's meeting in San Francisco. But whatever formal statements may be issued about the alliance, no one doubts that the basic strength of the US/ Australian relationship will be affirmed, or that New Zealand will remain out in the cold for the foreseeable future. Andrew Mack is Head of the

Peace Research Centre of the Australian National University,

#### Minister's resignation refused

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MR DAVID LANGE, New Zealand Prime Mluister, yesterday refused to accept the resignatian of Mr Roger Douglas, Fluance Minister, because of a budget leak on July 31.

Mr Douglas's tendered resignation hastened the Prime Minister's return from Fijl, where he had been attending the South Pacific Forum conference. Mr Lange left the conference arrange abstracts left the conference abruptly 24 hours ahead of schedule when he received the news

Mr Douglas offered to resign, accepting "ministerlal responsibility." when it was disclosed that a copy of the budget document had mistakenly been delivered to the office of a daily newspaper five hours before it was presented in parliament.

Opposition Leader Mr Jim Bolger claimed the resigna-

Bolger claimed the resigna-tion offer was an attempt to divert attention away from the gravity of the Anzus altuation.

Later Mr Lange said that
New Zealanders should
remember that the Anzus
treaty, signed 35 years ago,
had never placed on ohligation on the US to come to the defence of New Zealand.

It merely provided an obligation for the US to consult with its partners if New

Zealand or Australia were threatened.

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Aruple mone

# **Democrats** chip away at Reagan defence budget

Democrat-controlled House of Representatives began a marathon defence debate by axing funds for a Trident nuclear suhmarine hut voting \$1.1bn (£748m) for President Ronald Reagan's MX intercontinental missile programme. The votes, on Monday night, were the preinde to lengthy Housa scrutiny of a \$292bn military budget for the coming year, in which Democrats were expected to continue to chip expected to continue to chip away at Mr Reagan's defance

away at Mr Reagan's defance build-up.
During the course of what is likely to he e week-long debate, the House is to consider further slashing funds for Mr Reagan's Strategic Defence Initiative (Star Wars), alresdy reduced from \$5.3bn to \$3.95bn by the Republican-led Senate.

It is also likely to exteod a han on testing anti-satellite weapons and prohibit funding for strategic weapons that would exceed limits set by the 1979 Salt 2 arms control treaty, repudiated by Mr Reagan in

would exceed limits set by the 1979 Salt 2 arms control treaty, repudiated by Mr Reagan in May. The Senate bas suggested, but not required, that Mr Resgan stick to the limits.

The Senate's \$295bn version of the defence bill, passed at the weekend, also included the \$1.5bn for a 14th Trident submarine that the House has now rejected, largely on cost House.

disagreament between the two houses, the issus will ultimetely bave to be settled in a House, Sanate conference. Funds for the MX missile will

also have to be negotiated be-tween the two chambers. While the Senate approved Mr Rea-gan's request for \$1.42bn to buy 21 mora MXs for testing and spares, tha \$1.1bn allocated by the House will only be enough

In an eccentric deviation from its cost-cutting drive, however, the House approved \$151m for continued production of the T46 trainer, which the air force has described as a "turkey" and says it does not want. The funds were preserved at the insistence of representatives from New York, where the Fairchild-Republic company is building the trainer on Long Island.

Meanwhile, the Senate was also frantically rushing to finish

### UN delegates assail US for putting arms before food

MEXICAN and Cuban delegates veloped nations' trade barriers to a United Nations food con- and farm export subsidies. forence launched e strong attack yesterday on the US for devoting huge sums to the arms race and not enough to eradicate world bunger, Reuter reports from Bridgetown.

The delegates were emong agriculture ministers and senior focused on Latin America's 1970ch debt problem and the

officials from 33 Latin American and Caribbean countries adverse effect of farm subsidies who began a three-day meeting in developed nations on the in Barbados to discuss improv-ing food security and agricul-modities. tural production in the region.

Opening the regional UN Mexican Agriculture Minister,
Food and Agriculture (FAO) told delegates that US and
conference, Mr Edward Saouma,
FAO Director-General, urged
Latin American countries to
form a common market to deform a common market to deform themselves agriculture deform themselves agriculture modules.

Mr Edwardo Pesquiero, the
Mexican Agriculture Minister,
told delegates that US and
conference form subsidies now
amount to \$40hn a year, "a
figure far higher than the gross
national product of many Latin themselves against de- American countries."

### Venezuela to make proposals on debt

THE VENEZUELAN Govern ment is to present formal pro-posals by early next month to posals by early leaf mounting major creditors for refinancing \$21.2bn (£19.3hn) in foreign debt, AP reports from Caracas. A third round of negotiations

A third round of negotiations is due to open next month hetween the banks and Venezuela, Latin America's fourth-largest debtor nation. It stopped most principal payments in early 1983.

The Government hopes to modify s 12½ year rescheduling pact signed last Fehruary to reflect the lower income it expects from oil, its major export, because of depressed world prices.

Mr Manuel Azpurua Arreaza, Venezuela's Finance Minister, is also expected to discuss a refinancing plan for about \$7bn

refinancing plan for about \$7bn in private foreign dehts that the Government will assume.

#### **Ecuador** eases curbs on foreign exchange

ECUADOR HAS announced measures to liberalise its economy, almed at increasing non-oli exports and which innon-old exports and which in-clude allowing private com-panles to receive directly foreign exchange for exports, Rauter reports from Quito. Interest-rate cellings on savings deposits and on most type of loans will he abolished.

type of loans will he aboushed.
The rates will now float in line with market demand.
The Government sald exporters may now directly receive foreign exchange earned from their shipments, instead of drawing it through the central bank in local currency et the central hank controlled. et the central hank's controlled exchange rate.
Private-sector companies will

now import goods at the free rate instead of buying foreign exchange from the central bank at the controlled rate. Tariffs will also be reduced.
The controlled buy-sell rate
ls 108.50/110 sucres per dollar.
The free rate on Monday was
at 168/169.

#### Balaguer appeals

President-elect Joaquin Bala-guer of the Dominican Republic has asked opposition parties to hold off political debate for 100 days to give him a chance to put an economic plan in place for the country, AP.DJ reports from Santo Domingo.

# Pinochet is under pressure to improve human rights, Mary Helen Spooner reports

# Washington tries carrot and stick on Chile

AN EDITORIAL cartoon in a Chilean tahloid recently depicted Mr Elliot Ahrams, the US assistant secretary of state for Inter-American affairs in a cart pulled by an irate-looking Chilean became.

The drawing showed Mr
Abrams wielding a stick in one
hand and dangling a carrot in
the other, as the peasant
dragged the cart down a road
marked "democracy."
On July 30 Mr Abrams
warned that the Reagan Adminintersting could conness lears to istration could oppose loans to Chile from multilateral lending institutions if General Augusto Pinochet's regime did not improve its buman rights record and take more definitive steps towards a transitian to democracy. The statement came as a shock to Chilean officials, who barely two days earlier bad dis-missed such reports as mere

press speculation.

Chile has pending applications for over \$800m in loans from the Inter-American Development Bank and the World Bank, Including a crucial \$250m structural adjustment loan which will be voted in October. Structural adjustment loans, or SAL's, are intended to aid in external debt repayments and financa imports, and the \$250m is part of the World Bank's con-tribution to Chile's \$1.955bn financing package for 1985 and

The agreement also covers Chile's foreign debt repayments for 1987, but contains no provision for new financing for next year. According to central bank president Colonel Enrique Seguel, the authorities plan to begin preliminary negotiations for new money during the last three months of this year.



Harsh crack down on opposition protests has angered human rights groups and governments

The precise effect that US government opposition to muli-lateral loans to Chile would bave on the country's commercial creditor is difficult to gauge, but it is nevertheless thought to have Pinochet regime officials worried. Last year a US warning that it would oppose a badly needed world bank guarantee for \$150m in commercial loans prompted the Pinochet regime to lift the state of siege, replacing it with the less stringent state of emergency which re-

mains in effect today.

The Reagan Administration would like to see the state of emergency lifted, along with assurances that the regime is preparing to take serious steps toward the restoration of demonstration and life afficial believe. would like to see the state of emergency lifted, along with assurances that the regime is preparing to take serious steps toward the restoration of democratic rule US officials believe Gen Pinochet is saeking a secood eight year term in office after his current period ends The US also wants the regime to clean np its human rights record—one of the worst in Latin America. In particular, for a full investigation into the death of Rodrigo Rojas, a young Chilean photographer and former US resident whom with

in 1989, although the Chilean nesses say was doused with leader has been deliberately amblguous in stating his intentions so far.

Last month Gen Pinochet denied be had announced he university student, was critically would stand in the single candielection scheduled that

year, while maintaining that the government was seeking to pro-ject itself beyond 1989, the year he said Chileans would have to choose "between order or chaos." The statement obviously left open the possibility that he would be the military-selected candidate.

The US also wants the regime

university student, was critically burned.

A civilian court magistrate has ruled that the fire which killed Mr Roias was started by the other burn victim, and freed all but one of the 25 soldiers arrested in the case. The one officer has been indicted for failing to obtain medical attention for the victims, a charge which he is contesting. The Pinochet regime is not without its American friends, including ultra-conservative

including ultra-conservative Senator Jesse Helms, who has called the two young victims "communist terrorists" end criticised the presence of US Ambassador Harry Burnes at the photographer's funeral.

ago last month and was granted an unusual two and a half hour and lence with Gen Pinochet, who subsequently refused to meet with 2 senior State Department official a few days later.

Vini

days later.

The Federal Bureau of Investigation is looking into charges that Sen Helms may have passed on intelligence information, presumably about US informants within the Chilean army, to the Pinochet regime. Sen Halms has denied the charges, and Mr Jaime del Valle the Chilean Foreign Minister has called the account on unfounded.

tion unfounded.

The suggestion of US espionege has ecused Chilean officials to bristle. Earlier this week, US ambassador Barnes was called to the Foreign Ministry end handed a note which warned that Chile would not accept "any ections violating national sovareignty," and that the authorities would adopt "corresponding measures" if this activity continued.

The American Chamber of Commerce in Chile is also opposed to any US economic sanctions against the regime, and earlier this year sent a delegation to Washington to lobby against such measures.

Other possible measures might include removing Chile from the Generalised System of Preferences, which assign the country's exports lower tariffs in the US market. But the Reagan Administration seems a long way from imposing direct economic pressures and appears only to be considering its options in Chile within ear-shot of the Pinochet regime.

# US seeks better relationship with Mexico

to put recent strains in their to be nicer to Mexico after a relations behind them, and con-period of several months in centrate on common objectives, in talks between President Ronald Reagan and Mr Miguel de la Madrid, the Mexican President, at the White House

towards drug trafficking. There has been much debate in Washington over whether presidents, will focus on Mexico's economic problems and the war aginst drugs, demoting Mr Reagan's contentious policy towards Central America to at most a side issue, In preparation for tha visit, the Reagan Administration has towards drug trafficking. There has been much debate in Mexico is on the verge of economic and political collapse. At today's meeting, however, Mr Reagan Is expected to go to fish way to congratulate Mr dé lá Madrid on the country's recent \$3.6bn (£2.4bn) to an agreements with the IMF

THE US and Mexico are hoping been making a concerted effort which members of Congress and some government officials were sharply critical of corruptico in Mexican official circles and an allegedly slapdash attitude towards drug trafficking. There has been much debate in Washington over whether

and the World Bank and the economic reforms it is implementing as e result. Negotiations are continuing for \$2,5bn from commercial banks this year, an d\$3.5bn next year, as well as possible hridging loan from the US Government. Mr Reagan will use the talks demonstrate confidence in

the Mexicsn economic team and the reforms they are undertaking " according to a senior US official. Strains over drug enforcement and other issues had been "pretty much smoothed over" and there was an improved climate between the two governments, he sald.

Both countries agreed that more must he done in the war against drugs, with Mexico con-centrating on trafficking and the US acting to suppress consump-tion, the official said. He did not share the view that the Mexican system was on the verge of collapse, adding that Mexico was the second most important country in the world for the US,

after the Soviet Union.
The official acknowledged that there had been "constant ups and downs" in US-Mexican relations, "That's heen true over tha years and that will no doubt, continue to be true," he said, "But right now, relations

#### Amazon drug raid planned

COLOMBIAN and Peruvian police are preparing to Isunch this week a joint anti-nercotles drive aimed at eradi ating all the cocaine laboratories along the Amazon jungle border divid-

the Amazon jungle border dividing the two countries, Feru's
deputy interior minister said
yesterday, Renter reports from
Lima,
The move follows the Peruvian air forces's weekend
bombing of two trafficker's
bases and the selzure by police
of a third complex near the
Amazon R's er.

Amazon River. Total of 144 air strips and 30 cocaine labotatories have been destroyed in drives against drig trafficking under the government of President Alan Barcia.

Paris gives

more time

By Paul Betts in Paris

on shipping

THE French government has

postponed for a further three months the deadline appri-

ling e shipping transport agreement with Moscow in an

effort to negotiate a new bi-

later to begoing pact with the Soviet Union.

France has been seeking for some time to obtain in

accord with Moscow to give.

French cargo ships a fairer share of the trade between

the two countries. Last February it gave the Soviet Union

six months notice that it would end the existing bi-lateral shinping pact signed in

April 1967.
Under the 1967 accord.
cargo carried between the two
countries should be distributed equally. However,
Soviet ships transport about
70 per cent in volume and 65

70 per cent in volume and 65 per cent in cash terms. France has an 8 per cent share in volume and 28 per cent in cash, with the balance being transported by third parties. The pact was due to be annulled by France yesterday. But the deadline was extended because there are standed because there are standard because there are standard.

ded because there are signs that the Soviet Union is pre-

pared to make concessions to correct the imbalance.

Yugoslavia to

telecoms system

Yugoslavia plans to spend \$1,26bn on modernising its

modernise

Moscow

### WORLD TRADE NEWS

# China moves to repair 'open door' damage

THE growing pains of the "open door" policy are not only afflicting foreign investors, many of whom are having second thoughts about China. They have also frustrated local Chinese officials whose joint venture plans ere being thwarted by tough central

A senior provincial economic planner says that ba fears claims that since the "door" China's investment reputation was opened in 1979, 2,645 equity has been damaged by Peking's joint ventures, 4,075 contractual fluctuating policies on foreign exchange control and the re-centralisation of investment

been severely hampered by would be introduced in a bid having to seek the approval of the People's Bank of China, the more favourable. However,

Robert Thomson on changes in Peking's foreign investment policies

Foreign investment in China

fell 20 per cent in the first half of this year to \$1.24bn. Peking joint ventures, 4,075 contractual joint ventures and 130 whollyexchange control and the re-centralisation of investment official actually gone into production. complains that the country's In the wake of the invest-numerous international trust ment downturn, Zhao Ziyang, end investment corporations set up to lure foreign money, have last week that concessions

An attempt early this year

to belp joint ventures by sup-posedly relaxing foreign exchange controls — Peking demands that joint ventures have foreign exchange in balance — was badly aimed, and coovinced some investors that the Government has no feeling for their problems. for their problems.

One of those foreign exchange sions was to allow investors to use renminbi profits to buy Chinese products for export to earn hard currency. First, it is almost impossible to obtain the necessary export

Also, Wang Devan, the President of the Bank of China, promised last week that tha bank's loan policies would begin to favour foreign investors, though be, too, re-leased no details of exactly bow this financial favouritism this financia would operate.

The Bank of China is the state bank in charge of foreign exchange, and Wang conceded that many of its regulations on loans to Sino-foreign joint ventures have been shown to ventures have been shown to tive has received less attention, proble be unsuitable.

Peking - based foreign tor of the foreign investment tracts.

China. But they point out that actions must match words to ensure the health of joint ventures already underway and to encourage further invest-

The complaints of foreign investors are many and varied: high wages, poorly skilled labour, bureaucratic mismanagement, and the difficulty of re-patriating profits are among the most common problems cited. China's provincial perspec-

relations and trade hurean in the central province of Hubei, central bank, to raise foreign husinesses are waiting loans. Last year these corporations had the enthority to horrow abroad, Econdary inventors and the like borrow abroad.

Econdary inventors in the second in the province of hubel, signed and second, the businessmen are pleased that measure was encouraging contacts for joint ventures, seven of which have virtually to become trading companies and the like the province of hubel, says the region has signed inventors, seven of which have virtually to become trading companies. lems as other places. We see the responsibilities falling half on the Chinese partner and half

division of the foreign economic

on the foreign partner. For example, some of the foreign partners have not invested in accordance with their contract," Zhou said,
"Some of the partners also provide sub-standard equip-ment. On the Chinese side, the

supply of raw materials can be Chinese partner does not invest the equity on time and other they are not familiar with con-



Zhao Ziyang: trying to improve investment climate-

# Spanish opposition could delay pasta pact approval

competition.

production and exports, they said. In addition, Spain did not

consider the agreement to con-tani sufficient guarantees of improved access to the US mar-

Spain may try to invoke

Article 32 of its accession treaty, which covers the effects

of changes in common external

ket for olives and olive oil.

BY DAYID WHITE IN MADRID

SPAIN WILL try to modify ment rather than making a some of the terms of the agree-frontal attack on the terms for some of the terms of the agreement which the EEC and the US reached at the weekend in This may reflect Spanish confidence in the marketing strength of its powerful citrus sector, already well-implanted in the rest of the EEC, in the face of transatlantic order to resolve their "pasta war" trade conflict. It was not clear yesterday bow far the Spanish Government would press for renegotiation of the The two main items cited hy officials as damaging to Spanish interests were the allowances made in the agreement for quotas of almonds and extrequality sweet oranges from the US at reduced tariffs.

A senior Madrid official described the agreement as satisfactory from en EEC point of view since it averted the risk of an all-out tariff war with the US, but said it went against specific Spanish farm export

The reduction on the tariff
The critical stances taken by on almonds from 7 per cent to
pain and Italy, which both con2 per cent threatened Spain's Spain and Italy, which both consider the terms to he over-generous to the US, were expected here to delay ratification

The Spanish Government is unlikely to formalise its posi-tion before its next cahinet meeting, which because of the boliday period is not scheduled to take place until Friday week.

o take place until Friday week tariffs and provides for pos-Spain appears, however, to be sinle EEC measures to mainconcentrating its demands on tain the principle of community subsidiary aspects of the agree-

## UK groups in Athens metro deal

A British-Greek consortium has woo a consultancy contract for a \$1.1bn project to expand Athens' single-line subway system.

The 12-member consortium, METR-A will provide design, engineering, construction and operations planning for two 13 km lines through the centre of the capital. The consultancy contract is worth Dr 400m (£1.9m). consortium's seven

The consortium's seven
British and five Greek companies outbid 21 other competitors, among them groups
from the US, Canada, Hungary
and Romania.

The British companies particlpating are: Freeman Fox,
Halcony Fox London Trans-Halcrow Fox, London Transport International, Kenneth Donkin, Design Research Unit, Charles Haswell and Sir William Halcrow. They have worked together on subway systems for Baghdad, Hong systems for Haghdad, Hong Koog and Taipei.

The Ministry of Planning and Environment says construction of a line, linking two densely populated residential districts of Athens, will begin early in 1987. Work on a second line connecting the city's

line, connecting the etty's western industrial suburbs with an expanding husiness

district northeast of the centre is to start by 1990.

# Punjab presses for Pepsico project

project would have considerable psychological importance. In an attempt to offset con-siderable other political and commercial opposition to its plans, Pepsico has also hroken

second attempt by Pepsico within 18 months to be admitted into India as a provider of soft drinks and an exporter of processed agricultural products.

Punjab urgently needs industrial investment to try to divert diaenchanted Sikh youth from Involvement in growing extremist violence. The state Punjab state government and government has said the Pepsi tarde mark, such as Ind Pepsi.

It proposes to take s 39.9 per which had hit the investment climate.

It proposes to take s 39.9 per climate.

Ir proleally one of the proposet.

Ir proleal proposet.

Ir proleal proposet.

Ir proleal proposet.

Ir proposes to take s 39.9 per climate. cent stake in the venture in line with India's foreign investment rules. It has joined up with Tats, the country's largest industrial grouping which twould bave 24 per cent, and Punjab Agro Industries Corporteion, which is owned by the Punjab state government and would bave 36.1 per cent.

In the Indian Parliament yesterday Mr Narayan Dutt Tiwari, Industries Minister, said that proposal was being studied by the Indian Government.

He said the Sikhs' Akali Dal

with India in the investment of the investment of the staunchest opponents of the project, Pure Drinks which project, Pur

THE GOVERNMENT of the new ground by offering to Government in the Punjab had Rs 170m would be spent on a troubled northern Indian state manufacture its secret cola stressed the project would have processing unit to turn 25,000 of Punjab is providing power-concentrate in India and to use "tremendous psychological tonnes of potatoes and 5,000 ful political support for the only a hybrid version of its importance" to the stata after tonnes of grain into snack foods second attempt by Pepsico tarde mark, such as Ind Pepsi.

every year, mainly for the Indian market, and to process 80,000 tonnes of fruit, primarily

# Australia cancels casino construction deal

BY EMILIA TAGAZA IN CANBERRA

THE Australian Government yesterday cancelled the A\$750m (£345m) management contract for the construction of a casino awarded last June to Harrah'a of the US and Hooker Corpora-tion, its Australian partner. The Government called for new tenders to build and operate the casino, vaunted to be the world's lergest, at Sydney's Darling Harbour

development area. The state government of New South Wales (NSW) cancelled

the contract after receiving the other final bidders, Genting of the Government 45 days to pull findings of police investigations Malaysia and its Australian out of the deal. into the two companies. Tha findings will not he made public until late September, but the NSW Premier, Mr Barrie Unsworth, indicated that the Government's main concerns

and certain Australian trade Hooker-Harrah's beat two gave both Hooker-Harrah's and

construction partner Civil and Civic, and the Sabemo and Westin Federal Hotels Con-

were the investigations inm casino complex with e 700-room Harrah's, a unit of Hollday hotel, with the casino having Inns. by the US Federal Bureau of Investigation (FBI), and alleged deals hetween Hooker of 11,000 gamblers at any one

mr onsworth has warned that no company involved with the Hooker Corporation chief, Mr George Hersen will be success-ful. He said construction of the Sortium.

The Hooker-Harrah's consortium had proposed to huild a casino complex with e 700-room hotel, with the casino had gaming tables, 1,500 video gambling games and a capacity of 11,000 gamhlers at any one time.

The contract signed in June gave hoth Hooker-Harrah's and

post office telecommunica-tions network by 1990, Reuter reports from Bei-The plans are reported to include the installation of a third earth satellite station which would significantly improve telecommunication links with the rest of Europe. The existing stations provide links with the American South Restaurant Control South Section 1 Mr Unsworth has warned that

cas and South East Asia.

The official Tanjuq news agency said Yugoslavia had only 138 satellite telephone lines but by 1990 it would have 875, giving it direct have 876, giving it direct communications with all major points of the glabe. The number of telephones in Yugoslavia would also be increased from 11 per 100 inhabitants to 17 per 100.

# Minister meets breakaway union leaders

talks with leaders of the main ters, the meeting, set up by the breakaway unions in teaching, the breakaway rail union, was the first health service, the railways and time that the unions had met to-mining in what the unions involved gether since initial contacts were are claiming is a "historic" break- made about 18 months ago. The through in official relations.

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Eciscon

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n shipp

neth Clarke, Paymaster General, mocracy and opposition to strikes. and senior Employment Minister, talks have been held between the Government and those unions collectively. Most of the unions were formed after splits in the original the new organisations is affiliated made no comment yesterday to the Trades Union Congress

tive national trade-union of anisa-tion. They included the Professional day the aim of the code would be "to Association of Teachers, the Asso- secure better rights for people who ciation of Professional Ambulance Personnel, the Professional Association of Nursery Nurses and the Government for action to try to Federation of Professional Railway prevent what they claim is victimi-Staff, together with the Union of sation of their members - often by

As well as forming the first offi- aways sprang.

THE GOVERNMENT has held joint cial collective contact with minisunions are mainly guided by the The meeting between Mr Ken- twin principles of greater union de-

Most of the unions involved, unand five unions is the first time that like those in the TUC, are characterised by rapidly growing member-ship figures. Union leaders at the meeting said that Mr Clarke lis-tened "sympathetically" in them. unions over strike action. None of The Department of Employment

draw up for the department's ex-The talks are likely to prompt amination a code of practice on inagain further suggestions that the dividual employees rights. Mr unions are the kernel of an alternative national trade-union organisa-breakaway rall union, said vester-breakaway rall union.

The unions involved are pressing Democratic Mineworkers as employers who already recognise observers.

could call it designer law for shops, garages, builders, in fact for any

firm or individual who serves the

Sir Gordon's proposals are being

Call for tougher laws to protect consumers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

LEGISLATION TO put a general duty on all companies to trade fairly was proposed yesterday by the Office of Fair Trading (OFT).

The proposals were included in a

The proposals were included in a discussion document published yes-terday and are aimed at stamping out the "cowboy" traders - especially in the home improvements and used-car trades - who manage to escape prosecution under existing mer protection laws.

"What is needed now is some February to make their comments. kind of legal safety net to catch all He is likely then to make a formal regue practices which are still slipping through the mesh," said Sir Secretary for primary legislation to Gordon Borrie, Director General of be introduced to bring into force the Fair Trading, yesterday. The solu-tion I have in mind is a basic piece law:

Mr Clarke did ask the unions to

work during strikes."

Leading building societies have

Mr Tim Melville-Ross, chief exalso be introduced - perhaps one

been going too far down-market and have lent to people who should not be in owner-occupation," he said. A further increase in arrears and repossessions was "bound to

sent to interested trade bodies and other parties, which have until next books partly by lending more to lower-income borrowers.

## More lose homes as mortgage

By Nick Bunker

MOUNTING mortgage arrears have led to another rise this year in the number of homes repossessed by the UK's building societies. They took possession of 10,630 properties in the six months to June 30 - 13 per cent more than in the second half of 1985.

debts rise

The figures were published yesterday by the Building Societies Association (BSA). Two weeks ago, the BSA showed in its annual Fact Book that in the whole of 1985 there were 16,770 repossessio than 50 per cent up on the 1984 to-

Yesterday's figures underlined the recent warning from Sir Timothy Bevan, chairman of Barclays Bank, about the bad debts in store for lending institutions that show no restraint in the current home-

Building societies' mortgage lending broke another monthly record in June, when they promised more was despite low net receipts from savers of £387m, well below this year's monthly average of £609m.

Rapid growth in their loan books meant that societies took in the first half of the year 86.7 per cent of the mortgage market, according to the BSA. That was better than the BSA's own forecasts that societies would maintain their market share at about 75 per cent to 80 per cent.

been surprised by the ease with which they have fought off competition from banks and other newer fi nancial institutions

ecutive of the Nationwide Building Society, said the building societies high share of the home-loan market was now "a little bit unhealthy." He said: "We as an industry bave

happen" as a result of the present high volume of lending.

Recent rises in mortgage arrears were probably a delayed result of strong competition between lenders in the mortgage market in 1984, when societies built their loan **INSURANCE MARKET REPORT CRITICISES AUDITORS' PERFORMANCES** 

# Lloyd's blames agency managers

London insurance market, found no evidence of fraud or gross negligence by managers of Richard Beckett Underwriting Agencies (RBUA), the company that in 1982 began running the troubled PCW insurance syndicates.

The report, published yesterday by the Council of Lloyd's does, however, point to "errors of judgment and inadequacies of performance" at RBUA. It criticises "disappointing performances" by two firms of auditors, Arthur Andersen and Arthur Young, in advising and supporting RBUA.

Mr Richard Beckett took over management of syndicates run by the PCW underwriting agency in

day, underlining their efforts to dis- city.

passed, as security forces came un-

der petrol-bomb and stoning at-tacks by both nationalist and

bullets at the rioters, who set at

Mr Paisley and Mr Robinson him.

least one building on fire.

ment in commercial property.

under its wing the development of

single-asset property companies by considering for listing the proposed

Property Income Certificates (Pincs) and similar investment ve-nicles and to give full corporate

membership to members of the

Becoming part of the main mar-

Pincs Association.

of Mr Peter Green, PCW's former

The 1,525 underwriting members (Names) of the former PCW syndicates later discovered that up to £30m had been misappropriated by the syndicates' pre-1982 managers. Mr Alan Lord, Lloyd's chief execu-

tive, disclosed yesterday that Lloyd's had also now increased to £238m its estimate of further underwriting losses faced by the PCW Names, who claim that the losses relate directly to the earlier irregu-

Lloyd's is now trying to reach a settlement with the PCW Names, who plan to sue Lloyd's and a range Beckett's decision that the RBUA tail' liability insurance.

Paisley marches with deputy

in move to demonstrate unity

years ago, of a Roman Catholic siege of Protestant forces in the

charges in the republic tomorrow arising from a Unionist cross-bor-

to Dundalk to answer to charges

and Mr Paisley intends to go with

Fillip for property investment

£50m each lined up by the end of

"We will be disappointed if it is not 12 buildings in two years and

there could be more than 20 if the

market takes off," Mr David Sizer, of Richard Ellis, a member of the

Pines, said. "Property is the last of

the unmodernised markets. This

THE REV lan Paisley, leader of the were among some 15,000 members

Democratic Unionist Party, in Nor- of the Apprentice Boys of London-

thern Ireland, and Mr Peter Robin- derry organisation, who joined the

son, his deputy, marched side by annual celebration of the relief, 297 side in a hig annual Protestant parade through Londonderry yester siege of Protestant forces in the

pel speculation of differences between them.

There were several outbreaks of violence after the main parade had ween them.

Mr Paisley, who returned bome from the US on Monday, said Mr Robinson was marching as his violence after the main parade had

tacks by both nationalist and der incursion last week. Mr Robin-Unionist gangs. Police fired plastic son bas said he will definitely travel

MOVES BY the London Stock Ex- sale of shares in individual build-

change might accelerate the development of radical types of invest-have four buildings worth £20m to

The exchange has agreed to take the year to issue Pincs.

AN OFFICIAL report of Lloyd's, the December 1982, after the dismissal of other commercial interests in the syndicates should continue under insurance market.

> The former PCW syndicates are now managed by Lloyd's Additional Underwriting Agencies (Number 3). The latest report on RBUA follows a year-long inquiry by a committee chaired by Mr John Davis, vicechairman of Lloyds Bank. Publication was scheduled for late May but beld up by an injunction from Arthur Andersen, which was dis-charged on July 11.

> of lessons in it which we would like to learn."

The IRA kept up its campaign

attacks on police stations near Por-

tadown, County Armagh, and Pom-

Pines are securities that give the

same benefits of income and capital

growth to investors, but are trade-

able. That means investors can take

a slice of a building rather than the

costs of up to £75m which some-times defeat even the biggest pen-

The stock exchange move has set-

sion funds.

The Davis report says that Mr

writing after December 1982 was "reasonable ... on the basis of the knowledge which he had at that time." It adds that RBUA's directors

provided Names with "all the independent advice that could have been reasonably expected" when Names were offered a partial settlement of more than £38m to cover money allegedly misappropriated by PCW's former management.

The performances of both firms Mr Lord said the report was "not of auditors were "disappointing" for full of villains. It does not have any failing to advise RBUA about possivillains at all. There are a number ble difficulties in its reinsurance programme, and the dangers of simplistic policies for making reserves for losses on so-called "long-

> **BBC** to show programmes on Chinese TV

By Chris Cragg

BBC Enterprises bas signed an agreement with China Central Teleagainst the security forces with two vision (CCTV) to show a variety of BBC TV programmes. The deal involves a novel form of poyment for eroy, County Tyrone, on Monday night. In one, six people in a nearby the programmes using advertising rather than straight sale.

pub were injured by a bomb blast. Michael Cassell writes: Mr David The foreign currency required to Steel, the Liberal Party leader, yes-terday criticised Mr Robinson for pay for the BBC programmes will be supplied direct from the Londonwhat be described as the MP's irrebased China International Marketsponsible actions in leading a proing Company. That new marketing est march over the Irish border. Mr Steel said the actions of Mr organisation will raise the revenue involved by offering advertising on Robinson and his "Democratic CCTV's network. The rate will be Unionist outriders would be consid-\$5,000 for a 30-second slot, believed to be the lowest in the world. ered pathetic if they were not so

CCTV is China's largest television network, with an average of 300m viewers. There are now around 65m television sets in the country and the number is growing at the rate of 15m a year. The network has al-ready bought many BBC programmes, notably Shakespearean drama, Anna Karenina, Bergerac and the comedy series Yes, Minis-

Under the new scheme, the Chinese will see Miss Marple, Great River Journeys and the wildlife documentary The Living Isle, courtesy of the advertisers. What is less obvious is who precisely those advertis-

ers will be. Nestle, Kodak, Procter and Gamtled any fears about the existence of a suitable market for single-asset ble and General Foods already adinvestment vehicles, according to vertise regularly on Chinese televiwill be a watershed in property in- Mr Paul Rivlin of County Ltd, Coun- sion, presenting general consumer ty Bank's merchant-banking arm. goods.

## **Cassettes** overtake value of LP sales

and the second s

CASSETTE sales in the UK are shead of sales of LPs in value for the first time, despite the lower average price of cassettes, according to figures for the second quarter of 1986 published by the British Phon-ographic Industry, David Thomas

In the three months to June, 12.6m cassettes worth £27.8m were sold, compared with 9.7m LPs worth £25.3m. Overall, the UK record industry recovered in the second quarter from the fairly flat first three months of the year.

☐ AIRLINES and travel agents should be allowed to sell tickets as cheaply as they like, the National Consumer Council says in a report. Responding to a request by the Civil Aviation Authority for views on its plans to introduce bulk fare discounts, the council says that if a travel agency is prepared to offer cheaper tickets by lowering its own profit margins, it should be allowed

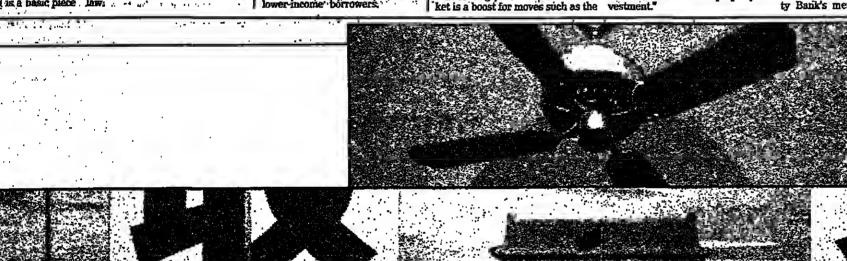
☐ A GROUP of 50 investment institutions formed the Association of Futures Investments to lobby for funds investing in the futures marpresent, investment firms wishing to set up funds investing in futures must do so offshore.

□ WORLD SPEED record for any type of belicopter bas been won hy Westland of Yeovil, Somerset, with a Lynx helicopter using advancedtechnology rotor blades, flying at 249.10 mpb (400.87 kph). The previous record of 228 mph (367 kpb) was held by the Soviet Union.

☐ OIL COMPANIES have followed the lead of Sbell in raising petrol prices by 7p a gallon. The higher prices at BP, Texaco and Esso take effect from today. Mobil prices are set to rise tomorrow.

☐ GROUSE SHOOTING season started with more of a misfire than a bang. Hunters seemed to outnumber grouse as some moors reported the lowest numbers of birds for 40 years, as a result of bad weather

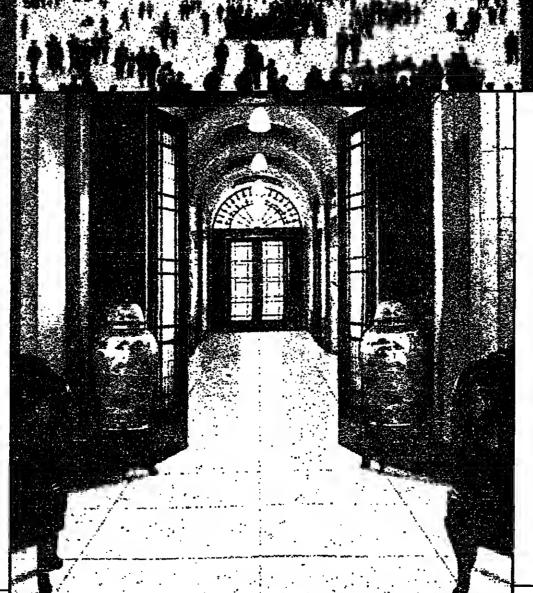
D TESCO supermarket chain is spending more than £233m on new superstores this year, which the company said. will create thou-sands of new jobs.



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BRITAIN's complex industrial relations are changing. Unemployment, the slow death of industries like shipbuilding and steel, new employment in sectors like high-tech and services, the use of new technology, the advent of new managements, often foreign, particularly Japanese, new labour legislation and the weakened state of UK trade unions are among the factors forcing the pace of that change.

Partly as a result, the UK has been pulled back from the strife-torn image of the "British disease" to its most strike-free year for half a century. While the revolutionary, militant challenge of the 1984-85 miners' strike captured the headlines, away from the limelight a new form of industrial relations has been taking shape

Codified in the pragmatic stance of the TUC's so-called

has been taking shape
Codified in the pragmatic stance of the TUC's so-called "new realism," this development has taken its most extreme form in the strike-free agreements being signed by the EETPU electricians' union, and others, which through strike-substitute mechanisms such as pendulum arhitration—an arbitrator having to choose either tor having to choose either the union's claim, or the em-

the union's claim, or the employer's offer—see strikes as a wasteful and costly method of resolving differences, and so are specifically designed to avoid them.

A new study\*, Strike Free:
New Industrial Belations in Britain, describes these changes—and looks at different examples of how they are working in practice. In the first of three extracts from the study the experience of Hitachi, which replaced its existing union agreements existing union agreements with a single union deal, is

TEN MILES from the south Wales mining village of Maerdy, where the 1984-85 coal strike ended at its most emotional— men who had stayed out solidly for e year marching back to their pit behind a brass band lies the little town of Hirwaun.
Just outside it, on a small
industrial estate guarded by
cattle-grids, nestling bebind a
Dunlopilio fectory, lies the
Hitachi relevision and video

manufacturing plant.
"This factory used to be ewful," seys Wyn Bevan, EETPU executive councillor for the erea. "Discipline was non-existent—people strolling off the production lines to do what-ever they wanted to whenever they wanted. The lines were fuli of pies, and pasties and cups of tea, people smoking and tapping ash. You can't have sophisticated electronic equipIndustrial relations

# How Hitachi broke the union mould

BY PHILIP BASSETT



"The joint venture period was borrendous," says one senior Hitachi executive now. "What looked like e sensible must looked like e sensine husiness decision was really just an expedient business decision." Hitachi resolved the problem by facing the company with a choice, as it spelt out to its workforce:

In plain financial terms the existing business at Hirwaun Is hankrupt. In hlunt assessment terms, the existing factory stan-dards and efficiencies are the worst in the UK in any competi-tor comperison. Hitachi has recently considered two options: (1.1) Withdraw from Hirwaun hecause it will be impossible to change the business to profit-ability within reesonable time-

(1.2) Take control of the husiness and instal Hitachi conditions and standards as quickly as possible, because this will give potential to change the husiness to profitability within reasonable timescales. The Hitechi decision has, of

course, already been made.

That decision was wbolly to recast the plant's febric and operations, to reduce sharply its workforce, and to reach a redical lebour reletions egree-ment on the lines of the Toshiba deel: in sbort, to start a new, greenfield fectory on the site of and in the shell of an old, traditional plent.

It was a decision which was ment with pieces of pasty and to prove successful for the comcups of tea falling all over it."

Now, it no longer does. Once move from loss-making towards a cornerstone in the growth of profitability. It was also a nised unions other than the board, pendulum arbitration, no

decision which was to embody long-term implications for the EETPU and for the structure of British trade unionism.

Acas officials warned at the time in an internal paper of the possibility of union recognition "sparking off the majority of industrial relations problems so far" with the strike-free deals, and suggested that such moves
"can provoke substantial disruption to industrial relations
within the compenies concerned, and employers will need to consider carefully the problems that any change in

—the EETPU (716 members), AUEW (223), ASTMS (87), Ucatt (87), Apex (60) and Tass (15). In addition, the TGWU (10) hed unofficial "representational" rights, and there were

In April 1984, the company

long-standing agreements can provoke, and balance them against expected benefits."

#### Insistent

As part of its new agreement, Hitschi was insistent on recognising only one union. It chose the EFTPU, its largest— though, as one manager now puts it: "I must say that we felt rather fortunate that majority union was the

wrote to its unions informing them that it planned to anice e single-union deal with the EEPTU at the end of the month. Outraged, the other unions sought immediate meetings with the company, and then with the TUC, to complain ebout the EETPU's behaviour.

that date, at a testy meeting, the EEPTU refused to join tha other unions in a common sp-proach to the company.

The other unions decided to press a formal complaint against the electricians under the TUC'a the electricians under the TUC'a Bridlington principles governing inter-union relations, while tha company delayed its withdrawal of recognition until August 10—the day before the formal opening of its single-union agreement with the EETPU.

provoke, and balance them against expected benefits."

They were right. In the days ally to hring together the first there were a number of unions recognised at the plant—the EETPU (716 members), ally to hring together the minons—the TGWU, though not unions recognised at the plant—the EETPU (716 members), plaint. It was e failure.

A disputes committee, headed by Jack Eccles, from GMBATU, that year's TUC chairman, and with Eric Nevin, general secretary of the merchant nevy officers' union, and John Scott-Garner, president of the then Post Office Engineering Union, met on July 24 to bear, and reject, the EETPU's claim that it had no case to asswer. A final attempt at the meeting to reconcile the two sides again failed.

matters were problems for full-time officials."

Problems there were for the minons. On June 18, in the cinema in nearby Aberdare, the six unions held a mass meeting failed. While the TUC's machinery

ground elowly on, the pace of change et local level was eccelerating. At the end of April, the company began a lengthy process of explaining to its employees what the changes, spelt out in a document called A New Future at Hirwaun, would mean. Employees were seen in groups of 35, and each received a copy of the paper explaining the new deal; 508

their recognition with effect from May 14. Four days before that date, at a testy meeting, the EEPTU refused to join the other unions in a common spot down to the task of negotiations week, the other unions on them, and on the agreement.

With a single union goes unity of purpose—as signposted at Hitachi's south Wales factory.

on them, and on the agreement.

Beven says now that the talks on the agreement, bringing it down from what he describes as the company's original "draconian" proposals, were among the hardest he has ever known. Convinced himself, he began the uphill task of first convincing the EETPU's shop stewards, and then the union's members—as the company had done, meeting them in small groups, painstakingly going over and over every small point of the detailed, 33-page document.

For the employees, single

For the employees, single unionism was not an issue, according to Tony Pegge, Hitachi's personnel executive: "Most of the company members in the factory didn't know which union they were a member of. They were concerned about being union members, but not concerned about the singleunion matter. Single-union matters were problems for full-time officials."

Problems there were for the

Hitachi employees, including 100 EETPU members, were present—and it voted unanimously against signing the agreement

A month later, those being made redundant had gone, and the EETPU, negotiations con-cluded, organised a secret ballot of its remaining members in the company on the "New Putare" document. The result was overwhelming: 87 per cent in favour. The union and the company signed the agreement the same day. It came into effect on August 8-and by the end of the

out. Seething, frustrated, all that the other unions had left now was the hope that the TUC would rule the agreement nut of order (though the company was making it ahundantly clear that what the TUC did or said and concern it or its agreedld not concern it, or its agree-ment with the EETPU).

ment with the EETPU).

With all urgency gone, and the TUC finally beginning to become involved in the miners' strike, the full disputes committee hearing was not held until January 15. Led by Tim Webb, from ASTMS, for the six unions, and Bevan and Roy Sanderson for the EETPU, the two sides locked horns in the TUC's headquarters, Congress House, in London's Bloomsbury.

House, in London's Bloomsbury. TUC disputes committee findings, let alone the hearings, are confidential, but a seventeen-page internal TUC report of what the TUC described with considerable understatement as a "difficult dispute" makes plain what occurred.

The six unions' charge was straightforward enough. The EETPU had signed a single-nnion deal with Hitachi. The other recognised unions had been excluded. The EETPU was therefore in breach — on two counts — of Bridlington. As the TUC report says: "It

was the complainant unions' view that they had been faced throughout with collaboration hetween an affiliated trade union and an employer in an attempt to destroy the thencurrent and long-standing organisational negotiating rights of other union members." The EETPU rejected that claim. Bevan and Sanderson: sald they had not tried to poach other unions' members, and

gave an undertaking that they would not do so. In effect, Hitachi presented a wholly new

as the TUC's Bridlington principles applied, they had complied with them. They had been faced with an intransigent employer: "To have pursued the action suggested by the completions unions and refused to the action suggested by the com-plainant unions and refused to enter into a single-union agree-ment would, in the EETPU's view, have led Hitachi to with-draw recognition from all unions and establish a nonunion plant."

union plant."

Hitachi, then, crystallised a crucial part of the EETPU's whole argument in favour of its strike-free package that, or nothing—no unions at all. Eric Hammond made it clear, too, that the EETPU would rather face possible expulsion from the TUC for refusing to accept the disputes' committee award, if it went against the union, than it went against the union, than abandon its deal at Hitacht and the principles it represented.

In the event, he did not have to go that far. On April 11, the TUC made its ruling known to the unions concerned. The EETPU had a sharp ruler across its knuckies: "The EETPU should not have signed the sole recognition and negotieting agreement until the dispute hed been resolved, if necessary by TUC edjudication."

#### Three points

But it was not ordered to abandon the deal. Instead, it abandon the deal, instead, it had to meet three points; new employees at Hirachi should be advised that they might join a union other than the EETPU, in the case of grievances at the plant involving a member of one of the ousted unions, an official of the union concerned should be able to take the issue up with the company; and the EETPU should establish a body which would allow the ousted

through the electricians their views on issues affecting them. views on issues affecting them.

TUC disputes committee awards are binding and Hammond inamediately welcomed the ruling as a vindication of the EETPU's stance. Webb was appalled—so appelled that, on behalf of the ousted unions, he took a step unprecedented in the TUC and tried to appeal against the committee's decision. He challenged each of the three stipulations. arguing in sion. He changed each of the three stipulations, arguing in particular that the second was impracticable, since officials from unions other then the EETPU were now no longer allowed on to Hitachi premises

of the third, Webb said in e letter to Norman Willis, TUC general secretary: "The establishment of a body whereby the previously recognised unions submit their views to the EETPU who then consider them before presenting a claim to before presenting a claim to the employer, must be a poten-tially unique institution in joint trade union procedures. It is difficult to see how this could

work.".
But it was not, in any case the central issue. The overall problem is, of course, that six unions with legitimate and longunions with legitimate and long-standing negotiating rights have had these removed by an agree-ment between the employer and another trade union. The dis-putes committee award does not redress this situation." But Willis was adamantine: "There is no appeal against an award of a TUC disputes committee." So the EETPU had won the first round—but a month later, battle was joined again when Apex, one of the six outsted unions, successfully pressed the TUC at its annual Congress to TUC at its annual Congress to tighten its regulations on single-union deals.

\*\*

Hitschi brought out into the open what Acas has called the "cut-throat" fight for membership as union numbers tighten ship' as union numbers tighten and the prospect of membership gains in areas like the high-technology industries seems to becken invitingly. But, along with the EETPU's strike-free deal with Eddie Shah's Today newspaper, it effectively brought about the TUC's ban nn unions unilateral signing of single-union deals.

unilateral signing of single-union deals.

The EETPU (and others who would take this course if they could) has staked a considera-able part of its philosophy and future on just such agreements; it may yet be that complying with the TUC's alterations to Bridlington may prove too high Bridlington may prove too high a price for the EETPU to pay for continued membership of the TUC.

Strike Free: New Industria Relations in Britain by Philip Bassett Macmillan, £10.95. Re-printed by permission of Mac-millan, London, To be published unions to relay to the company on August 28.



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Mary Hards

For example, the Sugdens from 'Emmerdale Farm' are not unfamiliar to the Svenssons in Sweden.

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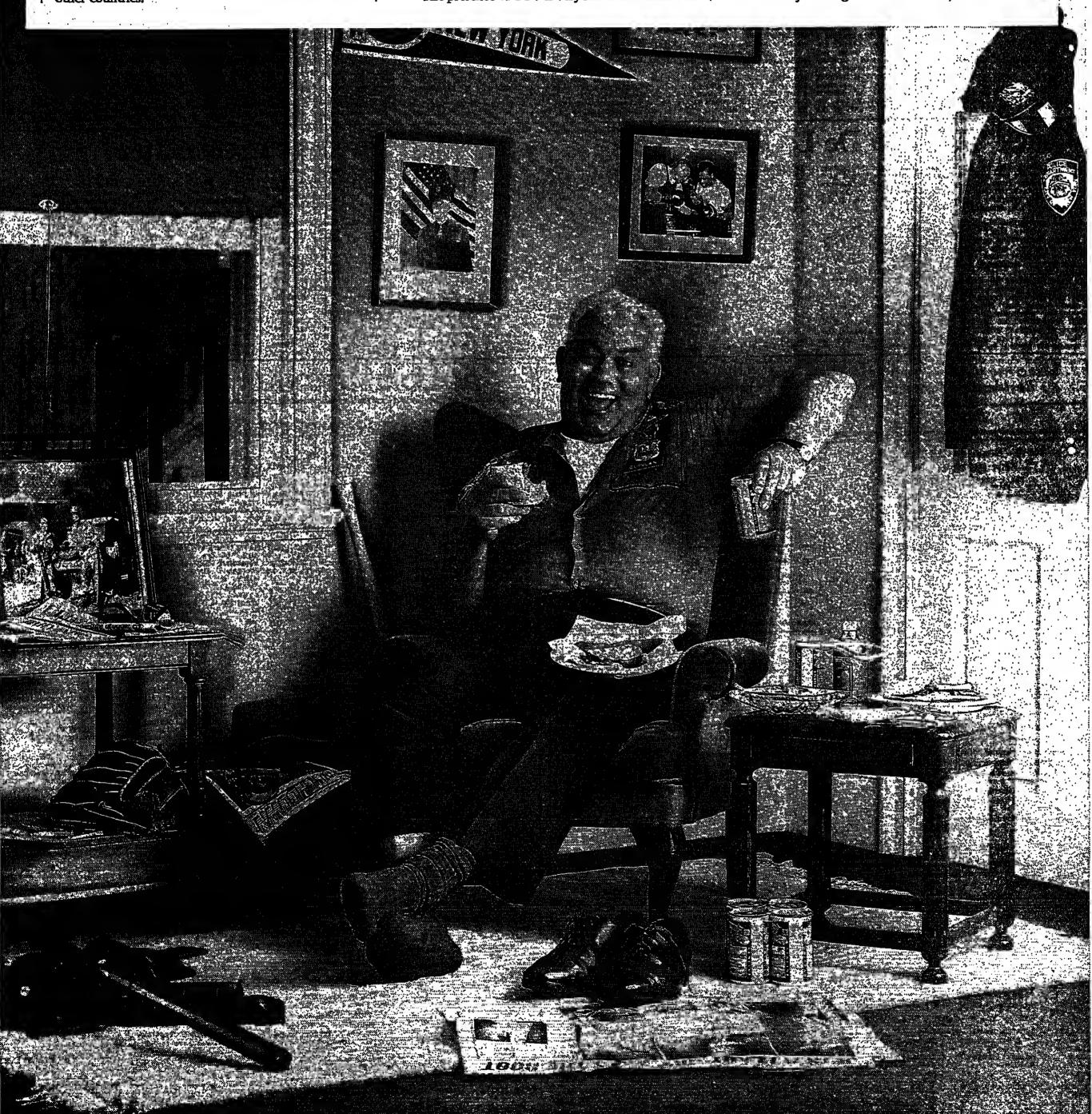
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## **TECHNOLOGY**



The lightning rise of Europe's largest clothing producer has hinged on advanced automation. Alan Friedman, in Milan, reports.

# Mission control for a rocket named Benetton

BEING inside completed and fully-automated Benetton warehouse in the producer, with its success province of Treviso, north of largely attributed to its ability Venice, is rather like finding to transform the clothing busioneself inside an enormous ness into an industry. yellow and red spaceship. An eerie ailence fills the space, 20 metrea high and 170 metres applied innovative production long, as computer-controlled and distribution methods, robots slide borizontally along which range from computar-Meccano-like tracks, while a aided design to an advanced dozen mobile lifts stack up to 12,000 boxes of sweaters and

jeana a day.

In the subterranean control room, a white-shirted technician (one of only 10 warehouse employees) sits hefore a vast electronic and three-dimenaloual display, panel, monitoring the progress of the robots. The control room resembles nothing an much as mission control at Houston, reinforcing the aen-only aimple and brightly aation of a space-age operation. coloured Benetton clothes. Now,
It is just 20 years since the with an international network It is just 20 years since the company was atarted by Luciano Benelton and his aister

What this actually means, bowever, is that Benetton has global communications and in-ventory system. It has thus succeeded in making intornationally competitive a commercial sector which is hardly typical of high technology. As part of its auccess for-mula, the company bas thrown

The three key elements of Benetton's advanced technology are its computer-aided design in styling and pattern cutting, its sophisticated international information system and, of course, its automated ware-bouse

Mr Luciano Benetton, the long-haired 51-year-old founder of the eponymous company, is convinced that technology la the key to success. "Without the innovations we would not bave grown. To go from 3,200 to 4,000 shops during 1986 meana a great deal of tiring organisation and distribution work— technology is the lubricant which makes it feasibla."

The computer-aided design minutes. The capacity is 15,000 (CAD) centre at Ponzano, near full garments in eight bours. Treviso, is where the patterns
A related process comes when are designed and cut. The design and cutting system, like other parts of the process, was conceived in very rough terms by the vat when orders come in by Mr Benetton himself. "He from shop agents in the field.

It gained is negationals. Sinust is officed an IBM 308 3BX mainframe computer and its Fujitsu 7890 backup.

The information centre co-ordinates orders, which brings of 3,200 shops in 57 countries and 1985 sales of L880bn (\$587m), technology has be-come an essential part of the

ment factory worker. Benetton company's integrated produc-would say 'Can we do that?' is now Europe's largest clothing tion, shipping and franchising and then we would call in techand then we would call in techexplains a company nicians."

A Hewlett-Packard 64 mega-

byte (able to store 64m characters) computer powers the CAD and pattern design system (PDS). Computers are used to lay out patterns for cutting, thus reducing waste material to only 5 per cent. At the drafting board, staff hold "digitiser" electronic pencils in hand and tap in awealer coordinates on to an actual-size matrix. This is then video cbecked and cbannelled through to the cutting room, where three automatic and programmed machines (each 20 ft long and 6 ft wide) cut more than 70 full aweaters in eight

In the knitting plant computers us back to the space-age auto-are programmed with codea for mated warehouse, which was 270 different colours as well as built by Fiat's Comau robotics prints and combinations.

As important as production ia the Benetton data transmission system, which, using equipment supplied by General Electric, supplied by General Electric, provides daily updates on sales and inventory, and is linked to Benetton's 12 most important markets outside of Italy: The US, UK, Ireland, West Germany, Spain, Sweden, Norway, Belgur The Netherland, Austral grum, The Netherlands, Austria, Switzerland and France.

At the information systems centre near Treviso Prof Bruno Zuccaro, a veteran of both Honeywell and Zannssi in the past, supervises a staff of 85 who collate data. The General Electric network is checked twice dally. ("What interests us most is orders" jokes Prof

mated warehouse, which was of other conveyor belts move built by Fiat's Comau robotics the goods past lasers which read division and also makes use of digital codes in two seconds Allen Brsdley numerical con- and accept or reject the

the flow of orders, rather than keeping the administrative and physical parts separate," explains Mr Giancarlo Chiodini. director of logistics. Mr Chiodini races up and down the four-storey L45bn warehouse with the glee of a child who has just received a Chriatmas present, and reals off details on the warehouse functions.

When drivers from any of six and reals of details on the warehouse functions.

factories arrive at the ware-bouse gate, they insert a plastic card which tella them im tely to which of five loading bays they must go. At the bays the machinery begins to burn as mobile conveyor belta actually enter the back of the lorriea and then receiva boxes which

underground area a labyrinth

we have been able to unite the distribution of goods with the flow of orders, rather than keeping the administration of the distribution of goods with the flow of orders, rather than the flow of orders are the flow of orders.

waterhouse town and addeways among is rith the glee of a child who has ust received a Chriatmas silent world devoid of buman resent, and reals off details on presence. The integrated cutting, printing, information flow when drivers from any of six end warehouse diatribution system is now complete, and makes possible the mass mar-keting of Benetton clothes. When the goods leave the warebouse they are already packaged with price tags in the appropriate currency and the shipping address computer-

stamped. are transferred to a sorting The success of the Benetton area below ground. In this system shows up clearly in the

British Rail selected Husky to save energy Find out why m Country (2015) 668181 HUSKY

FAR LEFT: Benetton jumpers are dyed by the vat, with computers controlling 270 colours and print cambinations. LEFT: Subterranean control room at Traviso, where the vast electronic three-dimensional display monitors the progress of monitors the progress of robots. Pictures by Alberto Calcinai.

company'a profit account, where 1985 net profits leapt 140 per cent to 1985n, and in the success of its stockmarket debut in Milan and London in June. For now Mr Benetton aays the technological side of the business is sufficient to meet the needs for expen sion. "What we need are more shops around the world and more piecaworkers north of Venice, he says.

• Previous articles in this series:

may 28: Swatch, Swiss watchmaker.
June 3: Hoover, British domestic appliance manufac-June 17: VEGE Meteren

Dutch remanufacturer of cas July 8: Bellot: French flour

milier. July 15: Electrolux, US cleaner manufacturer.

July 30: BUSM, British manufacturer of machine tools for the shoe industry.

## Quick 'ID' from De La Rue

"ID" CARDS can be produced in under two minutes with a system from De La Rne that uses special film and optical disk recording. The Basingstoke, UK, company is on 0256 29122,

The card ntilises the com-pany's security film, which contains background patterns that show np only under ultra-violet light and are difficult to counterfelt or

From a colour or mono-chrome TV camera pointed et the new card holder, a single "mng shot" frame is captured electronically. At the same sitting, an operator keys in personal details of the bolder, which eppear beside his picture on a TV screen. Then, picture and text are recorded on optical disk a laser that burns tiny unalterable marks on the disk surface. The disk bolds 24,000



Finally, the image is trans-ferred from the disk into a video printer to produce the dnal image on security film. In additional equipment, the film is lamintaed into plastic "ID" card.

DOCUMENT MANIPULA-TION by electronics, rather than "pen and paper," is under development by Xionics (a subsidiary of the UK's Smiths Industries) in conjunction with British

> The idea is to scan original documents and store, on magnetic or optical disk, a facsimile in digital form. Later, any document's image can be retrieved on a high definiting screen, allowing keyboard changes to text/ graphics content.
>
> BP is said to have some

6.5 miles of filing cabinets and these might eventually be reduced to a few stacks of optical disks. For such large scale appli-



cations, Xionies plans to develop a networked system allowing many workstations to access, exchange and work on original documents. The first development however, which is about half

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completed, will use a single IBM model AT personal computer. Xionics believes other companies will join a chartered users group it has set up, to which the entry fee is £20,000.

# Swedes clip shoplifters' wings

SHOPLIFTING has been reduced by 50 to 80 per cent in Sweden, writes Sarah Webh from Stockholm, in

only be removed by a shop assistant using a compressed air tool. Other attempts at removal rupture a dye poule which stains not only the garment, making it unwearable, but the thief as

tronic types, which its says, can be removed by skilled villains in the changing

THE AA (Automobile Asso ciation) in the UK has the first phase of a £2m "command and control" system in action at its London operations centre in Stanmore, Middlesex.

EMI company, is prime con-tractor for this ICL-based system, in which up to 80 sperators can provide response to members' L2m breakdown and information calls each

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## FT COMMERCIAL LAW REPORTS

# Floating charge crystallises by agreement

RE BRIGHTLIFE LTD Chancery Division: Mr Justice Hoffmann: July 24 1986.

CRYSTALLISATION OF a floating charge can take place by agreement between the parties to the charge, as well as by rules of law; and where a creditor, before commencement of winding-up, effects crystallisation in accordance with the terms of a debenture, the charge thereby fixed in his favour takes priority over preferential debts in the winding-up.

Mr Justice Hoffmann so held Mr Justice Hoffmann so held when declaring that a debt owed by Brightlife Ltd to Norandex Inc, an American company, ranked in priority to preferential debts payable by Brightlife on liquidation, including a debt of £70,000 for value added tax owed to the Commissioners of Customs and Excise

Section 614 (2) (h) of the Companies Act 1985 provides:
"The preferential debts shall
... have priority over the claims of holders of debentures under any floating charge ..."

HIS LORDSHIP said that Brightlife was in creditors' voluntary liquidation. Its assets had realized about £40,000. It owed over £200,000 to Norandex, secured by a debenture,

a floating charge and therefore the claim for VAT, being preferential, took priority under section 614 (2) (b) of the Com-panies Act 1985. Norandex said its debenture had priority because it created a fixed charge over most of the assets or, alternatively, be-

tion for winding-up. The debenture was dated tent with some restriction on April 11 1983. Clause 3 (A) (ii) the company's freedom to deal with its assets. In the debenture

Clanse 5 was a covenant by

Brightlife that it "(ii) shall not without the prior consent in writing of Norandex . . . except in the ordinary course of business, . . . deal with its book or other debts."

protecting the security." Mr Sbeldon for Norandex, submitted that clause 3 (A) (ii) (a) created e "first specific charge" over all book debts and other debts. Nearly £18,000 of the assets was derived from book debts. Another £19,000 had been standing to the company's credit at the bank. That, Mr Sheldon submitted was an "other debt" over which Norandex had a

fixed charge and priority over the Commissioners. The bank halance did not fall within the tarm "book debts or other debts" as it was used in the debenture. It would not be legally inaccurate to describe a credit balance with a banker as a deht, but that would not be natural usage for a businessman or accountant.

businessman or accountant. Although clause 3(A)(ii)(a) spoke of a "first specific charge" over the book debts and other debts, the rights over the debts created by the debenture were

a floating charge. In Yorkshire Woolcombers [1903] 2 Ch 284 Lord Justice Romer identified three standard characteristics of a floating charge: "(1) ... a charge on a class of assets ... present and future (2) ... which In the ordinary course of the business ... would be changing from time to time; and (3) ... by tha charge it is contemplated: that until some future sten is It also owed over £70,000 for VAT. The Customs and Excise Commissioners said that Noran-dex's debenture conferred only that until some future step is taken . . . the company may carry on its business in the ord-

inary way . . . " Mr Sbeldon and the charge did not allow Brightlife to deal with the debts in the ordinary cause the floating charge over way of business. Clause 5(ii) all the assets had become a fixed charge before the resolu-

A floating charge was consis-

ing charge into a specific pany's own account was a badge supplemented by terms implied charge as regards any assets of a floating charge and was specified in the notice . . ." inconsistent with a fixed charge. It seemed fallacious to argue

Norandex's alternative sub-

mission was that the floating charge was converted into a fixed charge before the resolu-tion for winding-up. On December 10, 1984 Noranbook or other debts."

Clause 13 provided that under clause 3(B) of the debenture "of the conversion with all such . . . things as Norandex may reasonably require for . . . charge . . . into a specific

charge ... into a specific charge over all the assets of Brightlife..." Also, it sent a demand under clause 13 for execution of a legal assignment of all book debts. Mr Sheldon relied on the notice under clause 3(B) as baving crystallised the floating to restrict the contractual free-charge over all the assets before the winding up. Alternatively he relied on the notice a matter for Parliament rather

under clause 13 as having done so in respect of book debts. In Griffin Hotel [1941] Ch 129 Mr Justice Bennett decided that priority given to preferen-tial debts applied only if there was a charge still floating at the moment of winding-up. It followed that if the debenture holder could crystallise his floating charge before the moment of winding up, section 614(2)(b) gave the preferential creditors no priority.

Mr Mummery, for the Com-Mr Mummery, for the Commissioners, said that the events of crystallisation were fixed by law and not by agreement. Those events were (1) winding up; (2) appointment of a receiver; and (3) ceasing to carry on business. Only those three events would cause crystallisation, be said, not-withstanding any agreement to the contrary.

the contrary. In Edward Nelson [1903] 2
KB 367, 376 Mr Justice Joyce
said that "a... debenture...
does not cease to be a floating security until the company has been wound np. or stops business, or a receiver has been appointed ..."

Taken by itself, that remark might appear to lend support to Mr Mummery's tripartite rule of law, But a fair reading of the whole judgment showed that the judge also accepted that his enumeration was subject to contrary agreement.

The debenture was dated April 11 1983. Clause 3 (A) (ii) charged "by way of first specific charge (a) all book debts and other debts . . . owing to Brightlife . . . . Sub-clause (iii) created a floating charge over "the undertaking and all other property, assets . . . of Brightlife."

Clause 3 (B) read: "Norandex may at any time by notice to Brightlife convert the float
Clause 3 (B) read: "Norandex may at any time by notice to Brightlife convert the float
The debenture was dated the twith some restriction on the company's freedom to deal the company's freedom to deal in the debenture the significant feature was that a floating charge only a "description of a floating charge, not a "definition." In making that distinction it seemed what be bad in mind was that a floating charge was not susceptible to being defined. The rights and duties which the law might or categorise as a floating charge were wholly derived from agreement of the parties, WC2B 6BD. Phone 01-831 0391.

that once parties bad agreed on terms thought sufficient to identify the transaction as a floating charge, they were then precluded from agreeing to other terms which were not present in the standard case. Mr Mummery said public policy required restrictions on what the parties could stipulate as crystallising events. A winding-up or appointment of a

on the register, but a notice under clause 3(B) need not be registered. The result might be prejudicial to third parties who

receiver would have to be noted

than the courts. The notices under clauses 3(B) and 13 constituted intervention by the dabenture-holder and there was no conceptual reason why they ahould not crystallise the floating charge if the terms of the charge on their true construction had that

effect. Mr Mummery submitted that the notice undar clause 3(B) was ineffective because the assets over which the charge was to crystallise were not specified in the notice.

The notice said it was to apply to "all the assets of Brightlife ... subject to the floating charge." That was sufficient specification. It was not necessary to list each separate asset. The dacision that the notice under clause 3(B) crystallised the charge made it unnecessary to decide whether the notice under clause 13 did so in

respect of book debts, but for the sake of completeness it was held that it did. The debt secured by the debenture therefore ranked in priority to the preferential debts in respect of all assets in the hands of the liquidator.

For Norandex: Richard Sheldon (Linklaters and Poines). For the liquidator: John Vallat (Sprecher Grier and Co.).

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# Grim tartan dramas

John Home's Douglas in the imitation doric pillars and a speare" events of interest only Signet Library behind St Giles's softly cherubic ceiling fresco to sentimental tourists in crim-Cathedral heads the drams where the muscular attitudes plene and check trousers. programme's contribution to programme's contribution to this Edinburgh Festival's the Runciman painting might "enlightenment" theme—and promptly shrouds it in a gloom of despond. Joan Knight's two tables at the far end, risible production destroys the pley's reputation as a great company of West Diggs, Made and the west Diggs and the west Dig pley's reputation as a great Scottish tragedy. A general air of spurious authenticity was even supplemented by one wag's Pavlovian echo of the cry thet went up on the first night in 1756: "Whan's yer Wully Shakespeare noo?" Miles willy shakespeare noor alless ahead, mate, ont of sight.

The author was an East Lothian cleric whose success with the play led to his enforced resignation from the Church of Scotland. Jupiter Carlyle, a prominent moderate in the intellectual maelstrom

of the period, reported that the town was in an uproar of exultation over Home's achievement. Only sporadically can one guess why from this ver-sion, in which a lost noble son, Donglas, is required with his less Randolph.
The role of Lady Randolph
has been associated with Peg
Woffington, Sarah Siddons and
(in Edinburgh in 1950) Sybil mourning mother, the Lady Douglas was found abandoned by a kindly rustic, old Norval, himself a former retainer of the good auld

retainer of the good auld maister, Lord Douglas Exuding indiscriminate goodness and palpahle high pedigree, the restored Young Douglas prompts a jealous plot by Lord Randolph and the dastardly Glenaivon. Scenes of resent ment and poignant reunion, some of them expressed in measured heroic verse; end in measured heroic verse; end in measured heroic verse; end in tears, death, and the repentant exit of the disgraced Lord Randolph to lose his bacon in the Danish Wars.

The library is e long pillared space of classical proportions, and the continuate in the proportions, and the prosper as a Ractinan drama with emotional flash-next points worthy of Victor Hugo's excessive melodramas. Instead we have a waxwork display of enlightenment period charm in spirit to those Tudor banquets or "World of Shake-"

\*\* \*\* E.S

of Ossian's Hall as recorded in

Ward and the rest. A lady fiddler in period costume and spectacles sets the general tone of historical archness:

of historical archness.

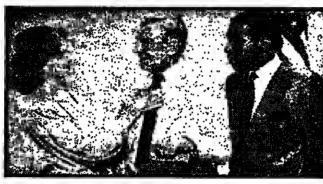
The cast then occupies a raised square platform, prettily arranged npon it like figures on e porcelain plate or mug. Only John Grieve as Old Norval inhabits the windy rhetoric with any power or conviction, even stifling our mirth at such corny lines as "One stormy night was heard the cry of one in jeopardy" (I might pinch that for my epitaph). John Telfer is a clean-limbed, attractive Young Donglas, Paul Young a far-too-pleasant Glenalvon, Roy Hanlon a character-less Randolph.

Thorndike; not for long, I fear, with Clare Richards, who fails

After Douglas the superb exhibition of Scottish painting in the Talbot Rice gallery is an essential Enlightenment anti-dote. The dramatic artifice of Nasmyth's landscapes, the glowing theatrical compositions of Wilkie's The Penny Wedding and The Cotter's Saturday Night represent the conflicting tone colours unrealised in the Signet library.

John Wetson Gordon was a fine portrait painter at the end of the Enlightenment, whose of the Enlightenment, whose study of James Hogg, missing et Talbot Rice, is conjured by Donald Douglas in his one man show, Hogg: The Shepherd Justified et St Cecilla's Hall. Hogg was a self-educated poet and balladeer whom Scott dubbed "The Wild Boar of Ettrick." This Traverse show was concocted last year to celebrate the 150th anniversary celebrate the 150th anniversary of his death and toured the Borders. As an Enlightenment Bonne Bouche it comes peri-lously close at times to emulatlously close at times to emulating Douglas, but the actor Douglas is of sturdy stuff and be represents this bluff intruder on the literary scene with many an ingratiating autohiographical snippet.







The new faces of US television: from top, Bill Cosby's family and the lawyers of Matlock and L. A. Law

#### American Television/Frank Lipsius

# Old timers anew

If the three American tele- the characters comic but some- Called Our World, it will star a vision networks were soap operas, they would produce endlessly fascinating episodes. The current story line would involve them all falling victim to takeover hids, and changing the major shows in exactly the same direction as they strive to prop up their falling ratings.

The bright spot of the last year has been The Cosby Show, which in its second season became the most popular series in television bistory. Its spectacular ratings balted the steady decline in the networks' total viewership, which is down to less than three-quarters of American bousebolds, compared with 95 per cent a decade ago. Cosby also made NBC the top-rated network for the first time in 30 years.

Bill Cosby, a black comedian who has long heen a sitcom star, originally went to ABC with the idea for the series, but the network turned him down. With nothing to lose, third-place NRC tank up the offer though. NBC took up the offer, though, says Tom Werner, co-producer of the show, "NBC wanted Bill to be a Las Vogas entertainer half talking to the audience in monologue and half situation comedy. And we wanted to do a real simple, real human

producers preveiled, making Cosby an upper-middle-class Manhattan gynaecologist. He lives with his lawyer wife and four of bls five children in a hrownstone house, like Cosby's own. Filmed in front of a live audience, the show draws on the conventional sitcom bumour of everyday interactions, what co-producer Werner calls, "honesty and the sort of comedy coming out of the characters, a warmth."

Brandon Tartikoff, president of the NBC Entertainment Division, considers the appeal of the paternal Cosby a reflec-tion of the ageing eudience:
"The audience grew up with this kind of show. Now the audience is of an age where they are sterting to have fami-lies of their own." To confirm that the American audience is demanding something older, NBC had the highest-rated new series of the past year with The Golden Girls, a Saturday-evening sitcom about elderly residents in Florida, Having found a style for the

how more adult, the producers heve given them advanced degrees. When the new season starts in September, the net-work lineup promises for the

hour comedy series about a professor sharing her Baltimore house with a daughter and grandson. The creator of Hill Street Blues, Steven Bocbco, is making an hour-long series for NBC called LA Law, about a West coast law firm. And Andy Griffith is also a late middle-aged lawyer in a new NBC series, Matlock.

The acceptance of ageing has

renewed the careers of a number of stars, including Lucille Ball, who has a new ABC series with the improb-able setting of an ironmonger's store, where Lucy takes over her dead husband's joh. In Our House, Wilford Brimley plays a widower hosting a permanent visit from his daughter and three grandchildren. Loni Anderson is a wealthy young widow who takes in 20 elderly uncle and his friends in Easy

The way the networks ere turning the most successful show into a formula sounds as hackneyed as any sitcom plot. But the twist in the story is the underlying danger that they may be forced out of the familiar role they have played since the early 1950s. They will not go out of existence, but they may have to change format more drastically if the series do not draw large enough audiences to sustain them. The least vulnerable is now NBC, baving come out on top at a crucial time. It is making plenty of money for its new owner, General Electric, while ABC and CBS struggle to contain costs and find winning

The most likely candidate for dropping out of the race is ABC, which started ponderlog its choices as soon as new management took over earlier this year. Its new president, John B. Sias, has a business rather than a pro-gramming orientation, and anti-cipates airing fewer Hollywoodproduced shows and series. Insteed, ABC will have more news shows, which are considerably cheaper (produced, as they are, in-bouse).

sharp-toogued commentator. Linda Ellerhee, narrating netrelive recent history, from the moon shot to the Kennedy assassination. It will be shown work lineup promises for the first time an educational level assassination. It will be snown at the same time as Coshy, a sign of cost-cutting in a lost

And last month it devoted a And last month it devoted a whole evening to a news department documentary. After the Sexual Revolution. It featured quips and glimpses of women reaching middle age, still attractive and not married. Put on the air in the middle of summer re-run season, the show exemplified abouther kind of soft-news approach; non looksoft-news approach: pop, look-in-the-mirror school of fake sociology, like best-selling paperbacks.

CBS has taken the opposite tack, making its biggest cuts in news. Its morning news programme, a perennial third in the ratings, has been turned over to the entertainment division. Although it was the only network not to be only network not to be absorbed by another company within the last year. CBS had to mount an expensive defence against a takeover attempt. The largest shareholder is a New York billionaire investor, Laurence Tisch, who symbolises the nelwork's new, no-nonsense financial thrust. Among the employees fired in the news department cutbacks was one of the most respected news-casters, whose seniority bad simply made him too expensive to keep until retirement,

CBS and ABC are competing with the full panoply of entertainment. Aoy drastic change will come gradually because, by any standard but their own, the networks remain extraordinarily successful. More people watch Cosby every week than voted for President Reagan. The networks will remain attractive to advertisers hecause no other medium pro-vides such a mass audience, even if it is smaller than it used to be.

Like the characters in the soap operas they produce, the American networks have themselves become part of the nation's family and will continue to interpret the product of the characters. tinue to intrigue their viewers as they struggle to face e world with more convolutions than their own harassed prinlate 1980s, all the networks are eager to try it out. To make series of news-as-entertainment.

ABC is starting a new weekly cipals can comfortably cope with.

# It's better on the Fringe

I cannot remember Edinburgh being so drenched in sunshine at festival time.

The clonds of the Commonwealth games were finally despatched on Sunday afternoon as the opening parade progressed down Princes Street, critics assembled in shirt-sleeve order and families jostled for vantage points along the route.

There are no official festival

I cannot remember flash by, his sister provocatively raises her skirts, a pagan procession with ecstatic showers in the estatic showers of cabbage leafs elides into a bability of cabbage leafs elides into a constant of prayer and a brilliant robotic chorus line of rattling and lumbering Lucy (whom I don't love) persisting in myoptic squints and revuestyle put-downs, even as the show is not so much difficult as impenetrable, but it is delivered with absolute company. The constant of the common wealth games were finally designed in supplies squints and revuestyle put-downs, even as the opening parade progressed down Princes Street, critics assembled in shirt-sleeve order and families jostled for vantage points along the route.

There are no official festival

beauty from the Abbey Theatre thus have no excuse for missing in Dublin.

The Great Hunger has been adapted by playwright Tom MacIntyre and director Patrick Mason from Patrick Kavanagh's McGovan in I'll Go On.

Two of Ireland's most brilliant contemporary actors: Hickey in The Great Hunger and, coming soon to George Street, Barry McGovan in I'll Go On. long poem of the sama title (recently anthologised in Faber's Book of Contemporary Irish Poetry). The poem records

the unspectacular life of a South Armagh potato gatherer, South Armagn potato gainerer, Patrick Magnire, his unfulfilled lusts and self-estimations (was he e saint, a "Matt Talbott of Monaghan"?) on a bleak and well-ploughed tillage field. Making no concessions to any city councillor's demands for "accessibility," the Abbey production - now three years old - is an unashamed experimen-— is an unashamed experimental mood piece (a reading of the
poem is advisable but not all
that belpful) with a bravuria
gestural performance by Tom
Hickey as Kavanagh's "mechanised scarecrow." He inhabits a
large corrugated sod of field
fianked by a maternal ikon
which be lovingly dusts and an which be lovingly dusts and an impromptu tabernacle stuck there like a hideous reminder

of Sunday obligations. Girls

two of Ireland's most brilliant contemporary actors: Hickey in

The Traverse has a wonderful range of local and foreign writing this festival hut I must confess to disappointment at John fess to disappointment at John Clifford's Lucy's Play, a curious and uneasy mixture of Up Pompeti and Asterix cartoonery in 4th century Syracuse. Clifford whose Loosing Venice was a Traverse hit last year, is an undoubtedly imaginative and arudite new theatre volce, but

Lucy is the ex-governor's daughter who defies her mother, packs off her boyfriend to tha Spanish goldmines, resists the advances of a lubricious Roman governor (the excellent Chris Barnes) and acts the part of a biind saint after ber shepherd friends from the hills have intro-duced the community to the delights of meat-eating.

It all collapses in a bun-fight

There are no official festival a fine company. Tom Hickey.

There are no official festival a fine company. Tom Hickey.

There are no official festival a fine company. Tom Hickey.

Tom Robinson and Hereward K on a musical re-jig of his 1981.

George Street mecca of trantic fun and arty aspiration, supervised as usual but that unflapivised as usual but that unflapivised as usual but that unflapivised gate as the forpathe phases by, or pahle Diaghiley in deagger bidden paralle phases by, or draining himself of lust with a jeans, William Burdett-Coutis, is housing a production of mysterious dignity and hypnotic bellows. Edinhurgh audiences the proposed assault on the bellows. Edinhurgh audiences are regret for missing. gay or merely miserable?

His Mephistopheles is the confidential Max who asserts that "environment" is a long word that has a hig effect before lining up his author with D. H. Lawrence and David Storey. Dave, like Godher, is a mining community lad who wants to get out: to a gym, to tha University of Wales — there are no lengths to which he will not go except, presumably, the usual six to 10 ins.

Chris Walker is superb in the part (slc) but the elements are erudite new theatre volce, but not yet meshed in a stop-go the coyness of his style is at present overbearing and finally tiresome. with such other folk musical pieces of lato like Willy Russell's Blood Brothers and the Bragg/Goodall The Hired Mon.

Michael Coveney

LONDON

Are You Lonesome Tonight? (Phoe-nix): More musical hagiography with Alan Bleasdale's Elvis Presley

show using flashback and excellent live recreations of the rock and roll

hits to explain how Martin Shaw's magnificently wrecked and flabby

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# talian festivals: Ravenna and Montepulciano

Godber and Tom Rohinson could yet deliver the goods; Crump may have loosened up by the timo it arrives at London's Bloomsbury Thestre in September.

Italy is fast approaching epidemic proportions. Every year some Italian city or town—or village—invents a programme, invites artists, hires a pressagent, sticks posters all over agent, sticks posters all over Even the greediest magico, in a new translation hy Donato Schwendimann Berta Schwendimann Berta Schwendimann Berta Mozart's letters ladies — Patrizia Orciani, Elisabetta Tandura, and Caterina were all singers The number of festivals in and spaclous (built in the 1850s a Pamina who was girlish withItaly is fast approaching epidemic proportions. Every year
some Italian city or town—or
offered an exemplary producthe tenor Maurizio Comencini
the tenor Maurizio Comencini
thas a strong left-wing flavour:
Alfonso Antoniozzi; in a role
the tenor maurizion comencini

One of the newest festivalsfounded only this summer-takes place in Ravenna. Signi-

ficantly, it is called Ravenna in festival, the "in" meaning that performers, but actively to in-volve the whole city in a kind of

incorporated into the festival, and complemented with others: incorporated into the festival, and complemented with others: a "festa" for Verdi (with Susan Dunn and Veriano Luchetti).

mixed-evening of Vlvaldi, with song and dance. But the city's theatres heve also been pressed into service, notably the bandsome Teatro Alighieri, soher

an engaging, masterly character. Contiere internazionale d'orte, the international art workshop of Montepulciano, has established its place in the crowded acerh and bas a tendency to sage out of tune, though the timbre is hright and pleasing. The other existence. Founded into service, notably the bandsome Teatro Alighieri, soher

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also the artistic director of the Arruga, who staged this pro-

duction, sees the work as a The Sarastro was weak, hut the fairy tale, a folk story; and the translation, though elegant, is ohligations with distinction. festival, the "in" meaning that translation, though engant, is the organisation's aim is not often direct, down-to-earth; and tasteful, supported by merely to import e number of fortunately, the artists enunciand tasteful, supported by Pasquale Grossi's inventive sets at the contract of the contract o

time a brief summer opera the people — becomes alliseugenio Monti of season in the outdoor setting of important. And the gifted magic evening, the Rocca Brancaleooe. Those baritone Alessandro Corbelli performances have now been seized this occasion and created incorporated into the festival, an engaging, masterly character. Contiere international complemented with others:

you would want to bear again, in more ample roles; the three boys were winning, cherub-like.

performers, but actively to involve the whole city in a kind of month-long celebration.

Ravenua bas had for some

Ravenua bas had for some Eugenio Monti Colla. A truly

Now in its tenth year, the Contiere internazionale d'orte,

hut it has managed to keep peace with the local authorities and now seems to lead a fairly confident life. It has a distinct and agreeable personality. Its important operatic production this year was Bizet's Don Procopio, a piece seen in Italy only three times since the lost score re-surfaced in 1906.

It was appropriate that the opera of a 20-year-old should be given at this festivel, where the accent is on youth. And appropriate, too, that the performers should all be young, many of them participants in the various study programmes that are an integral part of the Cantiere. It would he inappropriate,

however, to expect professional-level performances; and, in fact, some of the singing evidenced more promise than polish. Antonella Muscente sang the part of Bettina: the voice is still

that offers scant theatrical possihilities (it is a watered-down Don Pasquale character), this singer harely in his twentles

displayed sound vocal technique

and genuine comic style.

Since the text is weak (Bizet's enthusiasm for it suggests his uncertainty in theatrical matters), an Inventive produc-tion is required. Mario Zanotto produced a charming bag of tricks—use of shadow-figures, mimes, predominantly black-and-white costumes and sets but imposed a coherence on the whole, and set a pace that was brisk without being frenetic. Guido Salsilli designed the versatile, witty setting; and Paolo Cortellazzo was responsible for the elegant and simple, linear costumes. The RIAS Jugend-orchester of Berlin was hriskly. hut sensitively directed by Sandro Sanna, revealing all the winsomeness of this ebullient score, which reveals not so much

Donizetti as the young com-poser's admiration. William Weaver

August 8-14

#### U.S.\$ 20,000,000



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London, August 13, t986 By: Arab Banking Corporation — Dans & Co. GmbH.



# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-

King in crushed velvet jumpsuit has reached this pretty pass. Exploits-celebration of the life and music of reached this pretty pass. Exploita-tive, but not strictly for tourists.

(836 2294) Lend Me A Tenor (Globe): Fresh and inventive operatic farce by oew American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an eo-

ergetic company in mistaken iden-tity romp, while Verdi's Otello carries on regardless. (437 1592) When We Are Married (Whiteball): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anni-versaries undermined by an inconversaries inhormmen by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renormed.

vated. (930 7765).
Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-stage shenanigans on tour with a third-rate farce is a key factor.

(838 8888). Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg
movie magic, an exciting first half
and e dwindling reliance on
indiscriminate rushing around. Disneyland, Star Wars and Cats are all moes. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for

his money back. (834 6184).

42nd Street (Drury Lane): No British
equivalent has been found for New
York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. been (836 8108).

John Lennon that is enjoyable espe-cially for the musical resourceful-ness of the cast and Mark McGann's (734 4287).

(194201). he Normal Heart (Albery): Tom "Am-adeus" Rules is playing the crusad-ing hero of Lerry Kramer's hysteri-cal melodrama for a three-month season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 379 6565).

La Cage Aux Folles (Palladium): George Hearn a welcome star alongceorge rearn a welcome star atmasside Denis Quilley in the transvestite show for all the family. Weak second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373 (CC) 734 8961).

**NETHERLANDS** 

nsterdam, Carre Theatre. China's Peking Circus (all week except Mon, matinees Sat, Sun, Wed). (225 225).

**NEW YORK** 

Cats (Winter Garden): Still a sellout, Trevor Numn'a production of T.S. El-liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America running musical ever in America; has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200). La Cage sux Folles (Palace): With

some tuneful Jerry Herman songs, dance French film manages, barely, to capture the feel of the sweet and hiller-ious original between high-kicking and gaudy chorus numbers. (757 2626).

strength of its word-of-mouth popularity for the two oldstars on Central also comprises a summer Park benches who bicker uproarschool, an attractive series of iously about life past, present and future, with a funny plot to match.

many 1965 Tony ewards almost by and much of the audience, this default (2480220). is not proof against the driving default. (2480220). The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning three performances and inter-resurrection of the unfinished Dick-rupted another. Mesturino is ens classic is an ingenious musical with music-hall times where the au-dience picks an ending. (239 6200).

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 8100).

the beaten track. But people are still drawn to the village of Vignale — equidistant from Turin and Astl, in the wine-producing area of the Monferrato—by the endearing dynamism with which Gian Mesturino, the general manager of the Teatro Nuovo in Turin, the seventhele summer. runs the seven-week summer dance jamboree, now eight years old. There are performances by

night stands with 12 groups eltogether, half of them of Fm Not Rappaport (Booth): The eltogether, half of them of Tony's best play of 1986 won on the strength of its word-of-mouth popusitions of the strength of its word-of-mouth popusitions. But "Vignale Danza"

Mississippi, which walked off with structure that covers the stage rain that washed out the first now thinking of installing a more permanent structure; this would place Vignale well abead of more famous festivals. The success of the enterprise

is undeniable: the square is full to overflowing, with many standing, and the inhabitants of

# Ballet at Vignale

One characteristic shared by with unhridled enthusiasm the more recent Italian music throughout, and dance festivals is that they are held in smell places well off students of Marika Beso-The graduates and senior students of Marika Beso-brasova's justly reputed Monte the beaten track. But people Carlo school (the Academie de Danse Classique "Princesse Grace") gave a well-rehearsed

Italian and foreign companies at the seven week-ends; one-

(239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the the sbape of a buge canopy-like Although, unlike most open-air festivals, Vignale has some

and enjoyable programme, with a deligbtful performance of Graduction Ball. Turin hal-lerina Gabriella Cohen appeared with ex-Bolshoy dancer Vladimir Derevianko in a pos de deux from the suddenly popular Roymonda. Despite his temperamental unsuitability to princely roles, he danced with gratifying strength and style. A group of 20 Soviet dancers concluded a hrief Italian tour at Vignale. It is disappointing that the miscellaneous programmes of ad hoc Soviet groups seem to vary so little, the same old warhorses turning up time after time-plus comparatively new warhorses such as Bejart's pseudo-Indian Bhakti and Boris Eifman's embarrassingly coy and vulgar Once Upon o Time there was o Circus. Ludmilla Smorgacheva of the Kiev Opera Ballet appeared in both these pieces, showing technical facility but a completely wrong style in the Bejart. Her colleague Tatyans Tayakina made a much hetter impression in two pas de deux, in both of which she dis-

Lacotte Popillon, with Vitaly Voloshin, was one of the jewels of the evening. Freda Pitt

1250

played a welcome lyricism as

well as grace and sparkle. The

excerpt from the Taglioni-

# **FINANCIAL TIMES**

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Wednesday August 13 1986

# **Accountants** face reform

THE accountancy profession is probably the largest vendor of financial services in Britain. All companies, after ail, are legally distributed in the services of the servers outside the accountancy profession believe this poses a fundamental conflict of interest. nbliged to purchase the services of accountants because of the atatutory requirement to have their books audited every year. Yet, while the regulation of the rest of the financial services industry bas been over-hauled in the past few years. the accountancy profession has been left to its own devices. This splendid isolation ended abruptly yesterday when the Department of Trade and Industry issued a surprisingly tough consultative paper on the regulation of auditors.

The DTI's sudden interest in

accountants has a mundane explanation. It has published the consultative paper at the last possible moment in order to be in a position to comply with the EEC's eighth company law directive, which was agreed in 1984 and is due for imple-mentation in 1988. The slowness in bringing out the discussion document means that the directive will not take effect in the UK until 1990, two years

after the target date.
The directive is worded sufficiently vaguely that Britain can probably meet its requirements without significantly reforming the existing regulatory framework. The DTI, however, is arguing that implementation of the directive gives the UK an opportunity to modernise its approach which should not be missed.

The present regulatory systems dates from the 1940s; some elements, for example the rule that incorporated com-panies cannot act as auditors, date from the 1920s. The husiand financial environment hes altered out of all recogni-tion in the past six decades. It would not he surprising, therefore, if some edaption on the part of accountants were now necessary.

#### Financial services

The most important reforms now required are measures to ensure the independence of euditors. Small partnerships which once did little other than which once did little other than audit work heve grown into huge multi-disciplinery firms offering a wide range of financiel services to companies. Audit work now provides less than 50 per cent of the fee income of some large firms. In many instances firms which are institute at which they quali-auditing the books of companies fied. Industry, for its part, on behalf of shareholders are would heve to heed the proalso acting as management nouncements of a statutory consultants to the directors, body,

The DTI suggests two ways in The DTI suggests two ways in which independence might be guaranteed. The first option would be to follow the lead of some EEC countries and prohibit auditors from providing other services. This would recognise the fact that auditing is strictly speaking a regulatory rather than a commercial activity. Such a change, while baving radical consequences for the blg firms, would be in tune with the Audit Commission rules for the public sector which stipulate that the same firm cannot act as both auditor and same organisation.

requiring the rotation of auditors. Under existing arrangements a firm can audit the books of the same company for decades: a close indentification of interests between auditor and management can be bard to avoid in such circumstances. If euditors were appointed for a fixed period, say five years, and could not seek re-appointment, they would he ahle to exert pressure on management with-out fearing the loss of business. Compulsory rotation of eudits with new firms being appointed only efter competitive tenders, would also open up the pro-fession to market disciplines.

#### Statutory body

EEC directives have to be implemented in a "legally hinding manner." This means that the present regulatory system, whereby the Government simply "recognises" e private sector body such as the Institute of Chartered Accounand lets it get on with the ants in England and Wales regulation of its members, is no longer sufficient, it looks as though the DTI will have to set though the DTI will have to set up a statutory body, along the lines of the General Medical Council, to regulate the profession.

This would prohably be good both for accountants and for the husiness community. The profession would have a chance to unify itself; at present accountants are divided into different cases according to the prestige of the particular institute at which they quali-

# Malaysia chooses common sense

prices bad pushed Maleysia's terms of trade so far into reverse thet e second year of negative economic growth looked likely. Islamic fundamentalism appeared on the verge of making significant political gains while the country's economically powerful Chinese minority was becoming increesingly frustrated at its diminishing political role.

The Government, meanwhile, modities dal surrounding the state-owned Bank Bumiputre, formed to foster Malay economic devalopment, which lost \$1\text{ln in loans to Chinese property speculators in Hong Kong. There was a strong suspicion of corruption and, for the first time, Dr Mahathir's own position to compete effectively and make up the difference. At the same time, investment, eapecially foreign money, is discouraged from committing itself to Malaystrong suspicion of corruption and, for the first time, Dr Mahathir's own position Mahathir's own position anneared seriously in question. His long-serving deputy, Detuk Musa Hitam, resigned to dis-tance himself, apparently a Strategic location

As it turned nut Dr Maha-thir's alectoral gambit proved to be a total success, which has silenced bis critics—at least for the time being. Final results of the election, held carlier this month, ahowed the 13-party National Front, which has ruled Malaysia since indehas ruled Malaysia since inde-pendence in 1957, winning a landslide. It has taken 148 of the 177 parliamentary seats, and won the legislative assemblies in all 11 west Malaysian states.

#### Commodity trap

The crushing defeat of the Party Islam, which won only one seat, has allayed fears of an imminent resurgence in Moslem fundamentalism.

Dr Mahathir's own position now appears unassailable in spite of e drop in the National Front's share of the popular vote and it would be tempting for the Prime Minister to savour his triumph for a time. It is not in Dr Mahathir's nature to be complacent, bowever. The election result may have given him some personal elbow room but it did nothing to solve Maleysia's deeper problems which he must now tackle with the help of his powerful man-

WHEN Dr Mahathir Mohamad, Maleysie's Prime Minister, called a snap general election the country, the election may, in fact, have made matters pects and his nwn future looked bleak.

Falling world commodity

In one particular case, the growing recial polarisation in the country, the election may, in fact, have made matters were as the Chinese (34 per cent of the population). Malays (48 per cent) end Indians (9 per cent) retreated into their respective political largers.
The higgest challenge facing Dr Mahathir, however, is to

hreak Malaysia free from the commodity trap, a predicament his country shares with many others in the developing world.
As the Prime Minister recognised earlier this week, Malaysie has become dangerously dependent on the sale of com-

Malaysie's industrial sector. on the other hand, is too weak to compete effectively and make growth hut to discriminate in favour of the country's disad-vanteged Maley population.

Dr Mahathir bas made a start by introducing a timely, if modest, package of economic reform. Government projects are to be scrutinised more carefully, the civil service is to the privatisation of key state enterprises is to be apeeded up. Dr Mahathir might start by cesting a critical eye at his heloved Malayalan car project. Dr Mahathir has also indi-cated that foreign investors are no longer bound by the

rule which requires all projects to have a minimum 30 per cent Malay shareholding, in effect shelving one of the central pillars of the New Economic Policy (NEP) which seeks to transfer one-third of the country's wealth to the Bumi-putras, or "sons of the soil,"

The NEP may once have been politically necessary to dampen Malay resentment against foreign and Chinese economic supremacy, thus increasing recial tensions. But, over the years, its arbitrary nature has discouraged economics. mlc growth by frightening away

management consultant to the

The second possibility men-tioned by the DTI is a new lew

22.9 per cent in the linked

towns of Camborne and Red-ruth, and 23.4 per cent in Falmouth, the county's employ-ment blackspots. And although the south west is second only to the south east ir. terms of total personal income and spending power, Cornwall consistently ranks to-

wonder Cornwall is depressed.

There is e feeling of frustra-tion and impotence in the

county. The Cornish are fed up with, as they see it, being lumped in with the prosperous south-west in the netion's

The region as a whole has

wards the bottom of county incomes and earnings league While news of the £25m aid package for the mines was greeted in the affected areas with what can only be called euphoria, it is clear that the

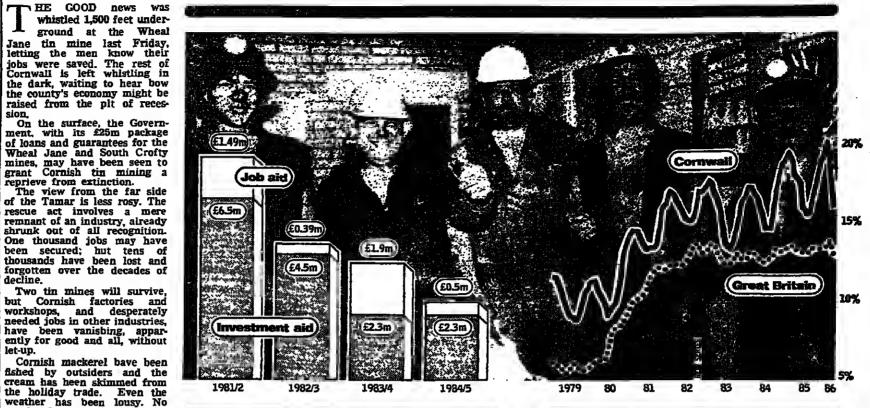
eupboria, it is clear that the aid can do little to tackle the underlying structural problems in the Cornish economy.

Mr Dave Pattinson, a principal planning officer for the county, bighlights the economy's weaknesses: "We have a narrow employment base and a bigh

high proportion of people in low income jobs." This is partly traditional: many jobs are in the poorly paid agriculture, tourism, retail and service sectors; there is a and service sectors; there is a bigh proportion of self employed, lots of small companies—46 per cent of all employees work in companies with fewer than 25 employees— and a fairly low level of unionised workplaces. There are relatively few office-based jobs, which few office-based jobs, which tend to be highly paid, and— apart from English China Clay THE CORNISH ECONOMY

# Granted: a stay of execution

By Fiona Thompson



REGIONAL GRANTS (DTI)

in Cornwall,

Local and Westminster officials are not hopeful about one of the country's lowest officials are not hopeful about levels of unemployment at 12 attracting hi-tech newcomers—per cent, but Cornwall's in not least because micro-electro-January this year was 20.5 per nics companies carrying out ad-cent—or about 30,000 regis-tered unemployed. The male ment seek collaboration and jobless rate in June reached recruitment from universities recruitment from universities or colleges close at band. These links would be difficult to develop in Cornwall which does not have a nniversity and has only one higher education institution.

"Companies are not interested in hassles, they want to go where things are in place," said

"We have the greatest diffibere. You can't change geo-grephy; companies want to be at the huh of things, not on the periphery," said Mr Jon Davey, chairman of the employ-ment committee of Kerrier Dis-trict Council which covers Camborne/Redruth.

In 1984-85, Cornwall, with a population of 440,000 and 11 districts with assisted area status, received an estimeted £10m-£15m in government aid. status, received an estimeted Today, on every horizon, f10m-f15m in government aid, there is a gaunt, roofless Though this does not eppear engine house with its out of line on a page article but of line on a page art out of line on a per capita basis with funding over the same period for the Welsh Development Agency (population 2.8m. aid £31.9m) and the Scottish Development Agency (popula-tion 5.1m. aid £137.2m) Cornish officials repeatedly complain at their lack of a development agency. The special incentives pective new businesses would be clearly welcomed.

Not for Camborne the promotional balloons flying over

in St Austell — no major com-panies have sited headquarters spend more on advertising than entire budget," said Mr

Davey. Though MPs have pressed for a development agency to be set np, in this, as with other issues, there can be no denying that Cornwall lacks political clout. It sends to Westminster only five MPs. Their success in lobbying the

Government over the tio issue, if indeed the decision can be put to their credit, cannot guarantee the long-term future of an industry which bas a plece in Cornish hearts out of all proportion to its true contri-bution to the economy in terms of jobs and its ontput,

in attracting industry as a mining town, still gives
You can't change geoy; companies warmen and companies to the companies warmen and companies to the compa as a mining town, still gives pride of place to a statue of Richard Trevithick, the pioneer of steam power. Its school of mines enjoys an international reputation. And there are still plenty of people about who talk of the deys when locals could climb the 749 ft Cernbree Hill overloading Cambree hree Hill, overlooking Cam-borne and Redruth, and count

of an industry that has run out of steam.

When Mr Paul Channon, the Trade and Industry Secretary, announced the aid package for Rio Tinto-Zinc, the multinational natural resources group which owns the Wheal Jane and South Crofty mines, Cornwall could then offer pros- be said there were excellent prospects for securing the tin industry for the foresecable

The mines are at the moment

receiving about £3,700 a tonne for their tin on operating costs of £6.400 a tonne, following last national Tin Council and the subsequent collapse in prices from just over £8,500 a tonne. RTZ's modernisation pro-RTZ's modernisation programme assumes costs will be cut to hetween £5,100-£5,300 and that the world tin price will recover to perbaps £6,000 in ten

Mr Channon, though noting exceptional circumstances such as Cornwall'a high level of unemployment, stressed that the main reason for granting the aid was the project's via-bility. But there must be some doubt about the Government's assertion that the world price will recover, at least in the time span envisaged, when other countries, too, are sup-porting their uneconomic tin mines end when 100,000 excess tonnes of tin are still in the

What is not in dispute is the effect, both economic and psychological, which the closure of the two mines would bave hed on the south west of the county, where entire communities depend on mining and where few other jobs exist. gope it

would have taken the male jobless rate for the Camborne/ Redruth and Falmouth area to 30 per cent," said Mr David Penhaligon, the Liberal MP for Truro. The loss of the underground miners' wages—at £250 to £300 a week, high hy Cornish standards—would have had a devestating effect on shops and service industries. But what sometimes appears

to be lost sight of is that only about 640 miners jobs and perhaps a few hundred more at agricultural labour force and in pours.

supplier companies will be saved. Despite the emphasis placed on the tin industry, in fact the higgest private sector employer is English China Clay, with

UNEMPLOYMENT

6,000 employees, though it, too, has shed lebour as higher productivity has been demanded and achieved. The spoil heaps remain, a range of alien foot-hills—some bare others covered in scrubby greenery hills-some looming over the approaches to the town. The waste of Corn-wall's potential workforce is not so obvious, but it is no less of

a blight, The recession hes hit Cornwell'a engineering Industry bard. Manufacturing industry's share of the total workforce bas dropped from 18 per cent to 15 per cent since 1979 and is diminishing all the time, ac-cording to Mr Colln Griffin, the county planning officer.

A drive through the town's Pool Industrial Estate high-lights the decline in manufac-turing industries. There are five cash-and-carry warehouses, a skill centre, two bakeries, one signwriter, a crafts workstop, a heavy goods vehicle driving test centre, glass, timber and ladder merchants, a Ford motor dealer, and one diecastng engineering works.

Falmouth has still not rein the docks in the early 1980s. British Shipbuilders' cuts in the yards left only a few bundred employed; this has crawled hack to 450 now. Hopes are still beld that the

the port will go ahead.

the number of working farms over the past 10-20 years, with some farmers becoming dis-illusioned and their smaller neighbours being squeezed out. "We had 5,500 full-time farmers last year, probably half

farmers last year, probably half of the number farming when I came here over 20 years ago," said Mr Tony Robathan, secretary of the Cornish branch of the National Farmers' Union, In addition, there were 2,000 part-timers and a farm workforce of 3,900 in 1985,

Output was £219m last year, of which milk at £74.5m and cattle at 277.4m were by far the biggest earners. EEC mlik quotas caused widespread panic when imposed in April 1984, and though some farmers haven't done too badly, others feel hard done by they feel thair quotas were far too small," said Mr Robathan.

The fishing industry, of great importance to parts of the country, is feeling particularly belongered.

country, is feeling particularly beleagured. Cornwall's fleet, which nicludes everything from distant water hulk-catch vessels to tiny 16 ft boats, has decreased drastically in the last 10 years. The Common Fisheries Policy with its restrictive quotas has not helped, according to Mrs Daphne Lawry, secretary of the Cornish Fish Producers Organisation and Cornwall Inshore Fishermen's Federation, which represents 200 skipper owners with 220 boats.

The south-west fishing in-

The south-west fishing industry represents one quarter of the total British industry, the quality quarter too. We need to ensure that we get out fair dues under the EEC," she

Mackerel, the backbone of Cornwall's fishing industry, was wiped out three years ago be-cause of massive overfishing by (according to the Federation) mainly Scottish bulk catchers. The EEC then imposed a threeyear conservation "box" pro-bibting bulk catching of mackerel which covers all of Cornwall's waters.

Nevertheless, the very ties which have traditionally attracted tourists to the penin-sula are also responsible for the steady influx of outsiders choosing to settle in Cornwall, in search of country living and, in some cases, early retirement homes. The population has grown by almost 50 per cent in the last 26 years and continues to increase at a rate of 6,000 a

The pity is that Cornwall is less attractive to employers

than employees. The year the weather has been particularly unkind to the tourist industry, already seen to be hampered by a lack of which pits resorts against each other—rather than against Devon or Dubrovnik—in competition for holidaymakers.

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Tourist provides work for 20,000 people—its seasonal nature causing the roller-coaster fluctuations of the em-Hopes are still beld that the long mooted £78m privately-funded container terminal for economy. But business in 1986 is already slumping by at least 15 per cent nn last year's fig-Cornwall has also seen a 15 per cent nn last year's fig-tremendous reduction in its ures. It never rains but it

#### Playing for high stakes

Sir John Collyear, chairman of AE, has become philosophic about the repeated take-over speculation surrounding his high technology engine components group.

Speaking from the London offices of adviser, Hill Samuel, about the improved offer from Turner and Newall, he likens Britain's attitude to manufac-turing industry, and the position of his company, to a game of Monopoly.

"We bave taken a long-term view, seeking an international strategy and investing in re-search and development. We are search and development. We are taking in the Japanese and the Germans and winning market share." He argues that it would be possible to change that atrategy and show higher profits for a sbort period—say three to

"It seems a peculierly British attitude that the short-term view is taken. Across the Monopoly game board we face Germany, France, and Japan. But every time we pass Go we bave to show an eudit and the hanks may choose to shift their money elsewhere. Meanwhile, our competitors are free tn pur-sue real growth."

Collyear, who successfully staged a defence against GKN

two years ago, says countering the Turner and Newall hid has been a seven-day-a-week joh over the past two months. He returns nightly to his home in the Cotswolds hut has had little time for his fevourite recreation — playing a Steinway grand

#### Silent service

Ever since the infamous "boom box" (also known colloquially as the "ghetto-blaster") hit the New York sidewalks in the mid-1970s, citizens seeking a bit of peace and quiet have been trying to figure out a way to banish Investors who were otherwise keen to capitalise on Malaysia's strategic locetion, its low wages and relatively high skills. In the portender of the portender o

**Men and Matters** 

the city fathers have added another batch of boom-box-free areas in 10 public perks and

'Nature needs no amplifica-'Nature needs no amplines-tion." declared parks commis-sioner Henry Stern, noting that the existing radio-free zones had hecome overwhelm-

zones had necome overwhelmingly popular.
In the past year, just nine summonses—each carrying a \$50 fina and the threat of equipment confiscation—have been issued for violations. "The only thing people have com-pleined about was that there wasn't a radio-free zone in their neighbourhood park," said

The newly established "goiet zones" in parks and heaches across New York's five boroughs should help solve that prob-lem. But for boom-box owners the message is at least as loud and clear as their amplified music—use headphonea or leave the equipment at bome.

#### Suez passage

Renand de la Geniere, the eruditely crusty ex-governor of the Bank of France who has just been appointed cheirman of the elite Ecole Nationale at the atate-owned Compagnie d'Administration, the civil ser-Financiere de Suez group, appears to be quickly making his mark in his new sur-

De la Geniere, during his years at the central bank, gained a reputation for lecturing the Government on the virtues of sound money. But now that he has made the jump to a commercially operating organisation—and one near the top of the groups in be privatised—he is trying to tone down

After the successful introduction of five "quiet zones" last be has been poking his head summer—including one in Central Park's sheep meadow—

Since the end of last month, he has been poking his head persistently around doors in the Suez beadquarters to introduce persistently around doors in the Suez beadquarters to introduce himself to staff,

De la Geniere, a confidant of Prime Minister Jacques Chirac, beaded the Bank of France for five atormy years under both left and right wing administrations. And he is now making the best of a month-long period of "cobabitation" with the previous Suez chairman, Jean Peyrelevade, the Socialist who helped steer through the 1981 nationalisation programme. Pey-relevede still maintains an office both at Compagnie Financiere and its banking subsidiary, Banque Indosuez, of which he remains chairman until the end

of the month. Although some have questioned whether a central bank mandarin is the best person to lead Suez back into the private sector, de la Geniere is expected to give the group greater clout on the inter-national financial circuit. One possible source of ten-

sion will be his relationship with Antoine Jeancourt-Galignani, 49, the free-wheeling managing director of Banque Indosuez, who had heen hoping to succeed Peyrelevade as the bank's chairman.

vice training school, Jeancourt-Galignani looks likely to have to wait for another round of musical chairs in the Suez boardroom after denationalisa-

Former Indian naval fighter pilot, Sant Chetwel, aged 39, made one fortune as a restaura-teur in Addis Ababa by the

age of 30. Then he lost it in the Marxist revolution. He started again in New York and now runs the first Indian restaurant group to be quoted on Wall Street (it came to

market last month). His Bombay Palace Restaurants company is turning over slom a year while his privately-owned businesses, including hotels and Mexican restaurants, are turning over e further \$8m. To Chatwal that is just the start of his dream of a worldwide chain of ethnic food restaurants. He bas opened his latest, the Bokhara specielising in Indian "northern frontier food" off Regent Street, London, this week.

And his carefully-researched plans call for the group to open

one new restaurant a month in a growing international chain. Each of his restaurants is designed to a formula to turn over between \$1m and Finding the cash for expan-

sinn is nn longer a problem, he says, since going public in the US. He looks back wryly to US. He 100KS DRCK WIFING to his position three years ago when, financed almost wholly by Indian hanks and paying stiff US interest rates, be was struggling to service the debt, "It almost killed me." Chatwal wants to go public in London on the USM next year

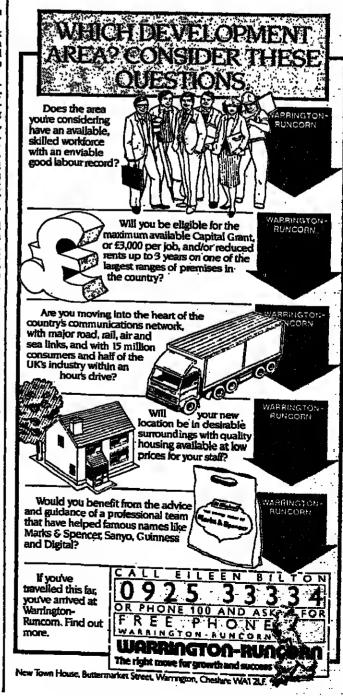
restaurants The accret of his close control of a restaurant chain that already stretches from Hong Kong round the world to the US is, he says, handling data daily by computers. By lunch-time each day he known to North March 1988. time each day he knows in New York exactly how many meals be sold worldwide the previous night, and how much profit was

with a second company to run his European and Canadian

#### Fast and loose

Sign in the window of a Brooklyn tallor's shop: "Need a new suit quickly? See our wide variety of suits that are readyto-wear without fitting."

Observer



THE Panama Canal has become rather like a grand vintage car finely huilf, fully opera-tional but very conscious of its

State of the state

Completed in 1914, the canal is one of the most remarkable feats of 20th century engineer-It has served world trade and Western defence well. But can it survive in the next century; and, if so, in what form? These questions are now being studied by a tripartite commission composed of representa-tives from the two main user nations, Japan and the US, and Panama which will take full control of the existing water-

way in 1999.

As befits a study that fore eliminated as potential involves so many imponderables users, as indeed are large airinvolves so many imponderables about world trade patterns, tha evolution of technology, new transport systems and lung-term strategic needs, the commission does not expect to publish its improvement is outstanding: a conclusions for at least four \$320m investment in widening

differing stand points.

Tokyo and Panama City bave fairly clear priorities. The Japanese, who account for one especially the locks, poses a third of all canal traffic, are further problem. Built with anxious to ensure an efficient, cheap transit for their goods to the US East Coast, Panama more difficult and costly to is out to preserve and perhaps maintain. Spare parts have to expand the value of an interbe custom-made. As e result, occanic transit system which is maintenance and minor inthe country a principal political provements consume a quarter is out to preserve and perhaps expand the value of an inter-oceanic transit system which is

But the US, which spent \$344m in 1914 prices to huild this vital strategic waterway prime concern at present is to fulfil its obligations under the 1979 Canal Treaty, hammered out by President Jimmy Carter and the late Panamanian leader General Omar Torrijos. Under that treaty, the water-way is run by the Panama Canal Commission, an agency of

the executive branch of the US Government. Presidential Government. Presidential authority is exercised through the US Secretary of Defence and the Secretary of the Army, in recognition of the canal'a strategic - significance.
From deep water to deep water the existing canal is 51

miles long. Vessels are raised in three steps to the level of Gatun Lake—the main source of canal water—and then lowered again in three stages. The canal contains three sets of locks which are paired to permit simultaneous lockage of two vessels in the same or opposite directions.

It can handle up to 42 vessels a day; but the current average is 33, slightly up on last year when it was used by a total of 11,654 ships with a total net tonnage of 170m tons.

The present structure has one serious limitation: it cannot accommodate vessels "över 65,000 tons. Supertankers and

THE PANAMA CANAL

# Uncertainty in the isthmus

By Robert Graham, Latin America Editor

craft carriers. Over the years improvements

refinements bave been years. It could take even longer the narrowest point of passage, since the three countries are the Gaillard Cut. This would approaching the study from enable vessels to pass in both differing stand points.

of the waterway.

The age of the installations, especially the locks, poses a further problem. Built with turn-of-the-century technology, of the canal's annual \$400m operating budget.

There are four options for the future of the canal, accordand will continue to own it ing to Mr Fernando Manfredo, until handing over to Panama deputy administrator and in 1999, is altogether more senior Panamanian on the in 1999, is altogether more seninr Panamanian on the ambivalent. Washington's board of the canal commission.

1—To build a sea-level canal.
2—To enlarge the existing canal with more locks. 3—To improve the canal alongside npgraded rail and road facilities. To continue with the exist-

By far the most ambitious

in the 1970s when the canal arrangement — an issue which treaty was being negotiated. will have to be faced in the While the appalling human difficulties of constructing the expires. original canal no longer apply
— the 43,000 workforce was
decimated by malaria and
tropical disease in the early
yeers of the century, illnesses
which have been brought
largely under control — the
costs would he probibitive.
But it is not yet a deed letter:
the 1979 treaty commits the US

the 1979 treaty commits the US to consider a sea level canal. and the option must be fully explaced. The chief ettraction lies in the ease of transit, removing the need for locks and reducing maintenance.

The question of ownership and protection of a see level canal must also be dealt with. After struggling to gain soverelgnty over the existing waterway. Panama is reluctant to countenance another canal which it does not control. Yet with a foreign debt of \$3.5hm, Panama is unlikely to he abte to raise money for a canal costing more than seven times this amount.

For the US (which maintains and controversial option is the 10,000 troops in Panama), de-

construction of a sea level canal, fence considerations lurk be-in effect, it would mean slicing bind all four options — even a hage ditch through thick the case where nothing is done image and hilly terrain for save retain the existing canal. more than 50 miles to link the Tbe US is reluctant to support two oceans. The feasibility of the cost of canal operations such a venture was considered without some form of defence

> Almost 70 per cent of all traffic through the canal still nriginates in or ends up in the US. During the Second World War 24m tons of military sup-nlies passed through the cansi; in the course of the Korcan War 12m tons transited; while during the Vietnam War, it was the main passage for most sup-

The second ontion, constructing extra locks within the framework of the existing canal, is a far less costly proposition. But a decision will require e fairly accurate projection both of the volume of goods using the canal during the next century, and the form in which they will be carried. Experts in the Canal Commis-

sion are extremely uncertain whether the volume of shipping using the canal will expand in the next century.

The peak period for transit was in the late 1960s. Since then, traffic has been affected by the two oil sbocks in the 1970s, end in more recent

years by the introduction of a trans-isthmus oil pipeline carry-ing North Slope Alaskan crude. Tolls have been kept low in nrder in retain custom—there has been only one increase in seven years. In real terms the toll is lower today than in 1979 (the current average toll per commercial vessel is \$25,927). The other imponderable con-

cerns the nature of transport -and of the goods themselves. The higgest changa has been in the switch to container vessels. Fifteen years ago, 137 vessels classified as containerships crossed the Panama Canal, carrying a total cargo of 600,000 long tons. Now over 20m tons of cargo pass through in some 1,700 containerships annually.

The changes in patterns of trade and transport are coming with hewildering speed, faster perhaps than e fixed installa-tion like the canal can accommodate. For instance grain traffic, traditionally a mainstay, traffic, traditionally a mainstay, is now down to 17 per cent of the total, reflecting China's near self-sufficiency. What if China becomes a grain exporter in the 21st century? There is also the question of the future of petroleum and petroleum products which account for 19 per cent of traffic. Oil is a finite resource. Should plans for the 21st century envisage e decline 21st century envisage e decline in world oil production?

These questions are more easily raised then enswered. But Mr Manfredo helieves the existing canal has a future. He discounts sea level canals and extra locks. "I see a multi-modal system of transport nf which the canal would be the central part of the system." This involves improving exist-ing road and rail links and developing the concept of a "single port." Vessels could either transit the canal or deposit their goods at one end of the isthmus to he picked up by another vessel et the other

Obviously the least attractive proposition for the Panaman-lans is that they be left with the existing waterway unchanged. But that could bappen because of the way the treaty regulates the Commission's finances. The US is obliged to band over the canal free of financial cherges; but there is still a dispute about what charges remain and bow they can be amortised.

Despite this, Panamanians are confident the US will accept the value of the canal as e working proposition,

The attraction of the third option, the canal es the central feature of multi-model transport system, is that initial outlay could be modest, and the project adapted more easily to changing demand. But such is the pace of change that the study could end up like the painting of Scotland's Forth Bridge. Once it has been finished they will have to start all over again. Sterling exchange rate

# Strong nerves needed

By John Muellbauer

SAMUEL BRITTAN (August 7) is dismissive of my comment (Orford Economic Policy Review, autumn 1986) that UK international competitiveness was 23 per cent less in 1984-85 than in 1975-79. He regards the choice of years as " misleading " and says there is "nothing sacrosanct" in the hase period. I challenga him to find ony hase period of five or more years that ends in or before 1979 that makes the deterioration in Britain's competitive nosition look less speciacular. Further-more, of the two alternative IMF measures of competitiveness, I chose the one Showing the smaller deterioration: the other shows a 38 per cent deterioration.

My proposition that the exchange rate " needs to be set on a firmly declining path " be sees as "the British economic estab-lishment at its worst." He regards this remedy as unnecessary if we could tackle wage

Within current policy para-meters, which exclude Mr Brittan's proposal, the main glint of hope in what seems an increasingly desperate economic situation is that the Chancellor will have nervea strong enough to allow sterling to fell further -I suggest to around DM 2.80 -without raising British interest retes. In current circumstances it is bard to believe this could cause another inflationary spiral.

The reasons are es follows. First, the UK inflation aituetion is better than it seems. This is implied by the empirical model of UK manufacturing discussed in my Oxford Review article. In my Oxford Review article. I estimate that producer price inflation over the last year has been more like 1½ per cent rather than the 4½ per cent recorded in the Central Statistical Office's figures. This is beceuse actual transaction prices which include discounts, attention always fully recorded. etc, are not always fully re-flected in official figures, which include an element of list prices. List prices are lagging bebind transaction prices he-cause of the recent drametic drop in fuel and raw materials prices and ferocious international competition.

Because of similar blases it is likely that producer price inflation in other countries ont-side the US is lower and Indus-trial growth higher than the official figures show.

Second, many foreign ex-porters to the UK have high enough profit margins to absorb most of the proposed decline in sterling without raising prices. Third, some cost-reduc-ing effects from the declines of the dollar, fuel and raw material prices bava yet to feed through and the dollar may decline further.

Fourth, with recent falls in labour utilisation, a stimulus to output would reduce short-run unit labour costs because extra output can be produced with the existing workforce. Fifth, there are substential lags before inflationery pressures from a drop in sterling feed through to retail prices. For all these reasons, such pressures are likely to be small and to beve little effect on the next pay round. The US experience in the last yeer augurs well

Why Mr Lawson ought to get depreciation out of the way now

for the possibility in current circumstances of depreciating the currency without causing much inflation.

market will force sterling down. This is because of the gloomy balance of peyments oullook caused by the UK's diminished industrial bese and low prices and production of North Sea that strong fiscal expansion is oil. A mejor reason why UK the right way out of the interest rates are so high relections to the current predicament. tive to our competitors is that bolders of gilts ere heing com-pensated for this expected depreciation of sterling, Pessi-mism that many feel now will turn to despair if Mr Lawson tries to resist market forces by maintaining or even raising relative interest rates, relative interest rates, especially if the sterling decline, when it comes, occurs in a less friendly inflationary en-

In contrast, If be gets a mejor part of the required depreciation out of the way now and signals the new target rate of sterling, be will generate a flood of Japanese and US buyers of gilts taking advan-

tage of high UK yields. This will in itself stabilise sterling, prevent the free fall that must occasionally threaten Mr Lawson's dreams and allow UK interest rates to settle at substantially lower levels.

Again, the US experience in the last year supports this optimistic prediction. The US bond market rallied strongly after the fall in the dollar following last autumn's Group of Five agreement. Despite the US Government budget deficit. the bond market bas withstood further falls in the dotlar.

One of the benefits of lower interest rates would be on infa-tion. Another is for next year's public sector borrowing re-quirement. Yet another im-portant benefit would be a long overdue cut in the aston-ishingly high rate of manufacturing company liquidations which has continued to grow despite the partiel recovery of output in 1981-85.

l em sure that much of the "British economic establishment" and Mr Brittan would be delighted if Mr Lawson reduced the inflationary risks of this strategy further by adopting a proposal for wage restraint on the lines espoused by Mr Britten (August 4) or by Professor Layard.

But that, no doubt, is more tban one can bope for. How-The most powerful argument would take years to have e of all is that whotever Mr significant effect on UK Inter-Lawson does, over the next year or two the foreign exchange is why Mr Brittan is wrong to dismiss the agencies of the proposity for a dismiss the necessity for a reduction in sterling now. Nor can I agree with those sections of the "British economic establishment." who believe

There is one danger of which Mr Lawson should be eware. Just as some of the world and UK slowdown in industrial growth in the last year was a stetistical illusion, so some of the likely speed-up in the next year will look better then it really is. He should pay more attention to capacity utilisation, overtime hours and employment than to the CSO's measure of manufacturing output. Over the next year, the economy can easily handle a 6 per cent increase in this measure without inflation-

# Taxing Finance

Sir,-I must echo Nick Bunker's comments in his article (August 11, Lawson taxes accountants' patience — he certainly succeeded in taxing mine! We do indeed have an and complexity. In so many instances it has been difficult, if not impossible, to comprehend the mind of the draftsman and I have little doubt that the provisions of the Act will been Act of monstrous proportions provisions of the Act will keep the courts extraordinarily busy

for years to come. Many of the problems associated with fiscal legislation associated with fiscal legislation derive from tha fact that it has for far too long been considered appropriate to deal with detailed technical changes in the same Bill as that which implements more sensitive budgetary policy. This year's Act provides an unanswerable case in support of what tax practitioners have urged for a long time, namely a separate Autumn Bill devoted to technical changes which would not only allow time for greater consultation but would almost certainly result in a more certainly result in a more acceptable standard of draftsmanchip. An inordinate number of amendments and as many as six new clauses were added to this year's Bill (many of them

1

this year's Bill (many of them on the nod) during the final day's proceedings.

I would also add my voice to the further complaint that the legislative process is being greatly abused by the ever increasing use of regulations which are brought in by statutory instrument. This year's Act sets yet another record in the number of instrumes; where important proinstances where important provisions relating to matters such as the payroll deduction scheme for charitable giving, the per-sonal equity plan, the new stamp duty reserve tax and pension scheme surpluses will all be introduced without all be introduced without thorough parliamentary scrutiny. This really is quite unjustifiable. Despite its age I would like to feel that the Renton Committee report is on Mr Lawson's holiday reading

Philip J. Cooke. (National tax partner) Ernst & Whinney. 3 Temple Row.

#### Accounts are for shareholders

From Mr R. Instone Sir,—The chairman of the Accounting Standards Committee has suggested (August 7) that the reason why the business community other than the accountancy profession bas accountancy profession bas historical. accountancy profession bas current pensioners.

The Government bas disagreed introduction of tax measures of consumer requirements. The Government bas disagreed introduction of tax measures of consumer requirements. W. N. S. Calvert. with the priorities of employers and has legislated to improve retain the capacity to barmonise 172 Deon Street, WI.

#### **Letters to the Editor**

reported lower profits than does historic cost accounting. Mr Godfrey might have been less cynical if he had thought a

little harder. Companies' eccounts primarily intended, both in practice and by statute, for their share-holders and debenture holders as investors. What investors as investors. What investors are interested in is how the management have used the resources at their disposal during the accounting period, and how the results compare with those for the previous period, not whether the real period, not whether the real vaine of a company's constituent assets or profits has gone up or down. Real vaines, moreover, depend on the purpose to which they are put: even cash is worth a good deal more in real terms this year than last, if you intend to huy oil with it. CCA may well be a useful management tool. But however much it is refined (or simplified), it will inescapably remain too subjective to be worth inflicting upon investors—or

inflicting upon investors—or financial commentators. And if the ASC is so enamoured of it, why is it not campaigning for the introduction of no par value

Raiph Instone 7 New Square, Lincolns Inn WC2.

A warning to all

From the President, Society of Pension Consultants Sir.—Mr Wynn (August 7) writes that leaving pension benefit design to market forces and creativity of ectuaries has in practice resulted in designs which he deems unsatisfactory to all. This is not so. The who have found them to be satisfactory by providing benefits at retirement related to troduction of joint controls at then current earnings levels (final salary scheme) and giv-ing a very adequate pension to loyal long serving employees who are also satisfied. Employers have not chosen to im-prove benefits of early leavers as their priority has been to provide as good as possible henefits for members retiring

fact that hitherto most versions the benefits of early leavers — of current cost eccounting presumably the category of emported lower profits than does ployee who has found scheme design unsatisfactory. Mr Wynn makes the mistake of believing that a money purchase benefit design will be satisfactory to all employees. This is not so and while it may be satisfectory

moves through Gaillard Cut on its transit of the Panama Canal.

those who remain with nne emare substantially ahead of the pension which a money pur-chase scheme allowa to be bought even after good, let alone everage, investment re-

The plight of pensioners who retired 10 years ago from schemes which had still retained e money purchase benefit design ls a warning to all who con-sider it a satisfactory design to

provide retirement income after a long career. C. W. F. Low. Ludgate House, Ludgate Circus, EC4

Profit related

From the Director and Chief Executive, National Engineering Construction Employers'

Sir,-Having read the article by Samnel Brittan which supported a proposal to combine tax ons on profit related pay with a severe tax on pay in-creases above a 2 per cent norm. (August 4). I wish to draw attention to the impracticability of such an approach in the construction sector of the engineer-

ing industry.

The national egreement which we negotiated in 1981 bas transformed our industry into one designs have been the result of priority decisions by employers projects on time and within cost. projects on time and within cost. This transformation has been national level, which have eliminated all significant differences between the total earnings of contractor sites, thus ending e long history of leap-frogging overseas competition. It is already enabling costs to be workers on the various multi-

> harm to our industry.
>
> It would therefore be immensely damaging if the ability to control these matters at national level were lost because of the ceter for ever faster changing

earnings, which means that all employers are committed to apply netionally agree creases, irrespective of their individual profitability. Any attempt to impose severe tax penalties on increases in excess of 2 per cent which were not profit releted, would undermine our ability to preserve an agree-ment at Netional Level.

Tha Government's consul-tative document on profit related pay and this latest idea both seem to assume that all wage bargaining is or should establishment level and to ignore the very real need in some sectors for national bargaining. It is essential that these assumptions should be modified and that the particular needs of industries such as ours ployer for a considerable period of time. Inflation and promoto to the economy of the UK, will of time. Inflation and promo-tion, narticularly in the second half of a career, can mean that final earnings before retirement profit sharing. profit sharing. John G. Porter. Broadway House, Tothill Street SW1.

Shoes are not Victorian

From the Secretary, Director Trade, British Foolwoor Monufacturers' Federation

Sir,-It was disappointing to

read the comments in your Com-peny News columns (August 8) attributed to a company chairman that "most shoe manufac-turers are still living in . . . Victorian times." There may bave been some truth in this 10 years ago, but it is emphalically not true todey, as anyone in day-to-day touch with most manufacturers will testify. Last year, for example, in-dustry output was higher, pro-ductivity was bigher, exports were higher, while imports and import penetration were both significantly down. Productivity, measured in output in nairs per employee, in 1985 was 9 per cent higher than in 1984 and no less than 35 per cent higher than in 1980. These figures understate the real increase as footwear is becoming more and more eleborate all the time.

The latest CBI survey tells us that 72 per cent of all investment in the industry is now aimed at increasing efficiency. And for the future 59 manu-facturers are clubbing together with government support to commission a study to belp them realise the full potential of new technology.

Behind these trends is a growing appreciation by manu-

ploitable differences, which in substantially cut; more important past bave done so much ant, developments now coming in will enable domestic manufacturers to offer the much faster and more flexible response that retailers need to



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# FINANCIALTIMES

Wednesday August 13 1986



Jim Jones explains how bullion may help South Africa to survive boycotts

# Sanctions cloud has golden lining

SOUTH AFRICA may turn out to be a principal beneficiary of the fears which bave been sparked by the sanctions campaign against it. The resulting surge in gold prices to a 2½-year high has improved the country's ability to survive sanctions and export boycotts.

In theory, an increase of 570 on each of the 20m ounces of gold South Africa produces each year would allow it to replace the \$1.4hn block on coal exports. An increase of only \$12 an ounce would replace the potential foreign exchange loss of a block on fruit exports.

These simple calculations, how ever, do not address many of the effects of a higher gold price on the South African ecocomy.

South Africa's principal objective this year and next relates to foreign debt repayments, according to Mr Mike Brown, economist with Johannesburg stockbroker Davis, Bor-

It wants to repay about \$4bn of maturing deht which is not included in the moratorium on \$14bn of the country's total \$24hn in foreign detat

Perpetual

for Hydro-

floater

**Ouebec** 

Mr Don Mackay-Coghill, architect of the krugerrand's international success, is to move to Perth to develop a rival gold coin and jewellery marketing operation for the Western Australian Development Corpor-ation. Mr Mackay-Coghill, at present chief executive of Intergold, mar-keting arm of South Africa's Chamber of Mines, believes that demand for krugerrands is far from dead despite bans on imports in many

and to handle the repayments al-ready agreed on debts affected by the standstill. when you are trying to beat sanc-tions," Mr Brown concurred. Mr Ronnie Bethlehem econom-

most beld hy European banks have an immediate effect on busi-which are believed less likely than ness confidence in South Africa. He their US conterparts to pull out the rug from under South Africa's feet. Mr Henry Kenney, economist for the Chamber of Mines, said that these continuing debt repayments would limit the inflationary effects of additional gold revenues. They should also restrain any rise in the

external value of the rand, which bas in any case failed to move above 40 US cents. This would reduce South Africa's ability to export competitively from behind sanctions barriers.

"You don't run a strong currency

By 1988 the country'e foreign ics adviser to mining house Johan-deht should be down to manageable proportions. Mr Brown said, with doubts that higher gold prices will ness confidence in South Africa. He points out that it took four years for confidence to recover from the Soweto uprising in 1976, and only then after a gold price of \$850 an ounce and a budget filled with personal and corporate tax cuts.

tages of higher gold revenues could be offset if foreign creditors dethere would be other indirect beneffor eventual economic recovery.

This year official gold reserves

Bank have been cut by a quarter from 4.84m ounces at the start of the year to 3.67m at the end of July as weak prices have compelled South Africa to ship hullion abroad to top up the value of the approximately 10m ounces beld by foreign banks participating in gold swap deals. A rising gold price would put an end to this and should allow South Africa greater access to foreign exchange.
Although official gold holdings are strengthened in this way, the

additional revenues reaching the

mines would ensure that they did not hold back on the R3bn (\$1.18bn)

capital spending they have planned This would not only assist economic recovery and create jobs, but spend on social projects. The taxman claws in about 60 per cent of every marginal rand earned by the manded higher loan repayments at gold mines, which means that a \$50 next year's debt rescheduling talks. gold price increase would put an ad-ditional R1.5on in the Govern-

# its which should form the platform ment's hands - enough to pay twice over for its recently-planned mass

BRITISH ACCOUNTANTS reacted pendence is safeguarded in national with a mixture of scepticism and government consultancy paper pro-posing wide-ranging changes in the

HYDRO-QUEBEC, the Province of Quebec's electric utility and Canada'a second largest company in terms of assets, yesterday became the first corporate borrower to issue perpetual debt in the Euromarkets. It launched a \$400m undated floating rate Eurobond. Until now, the market for perpetual debt has ny audits every five years.

The DTI emphasised yesterday been confined to sovereign borrowers and banks wishing to shore up their capital. This issue is designed to put Hydro-Quebec's balance sheet on a more stable basis by transferring r substantial proportion of its debt from short-term to perpetual form. Proceeds will be used to repay most

of the company's US commercial The company believes this is more appropriate, given the long

life of its assets. The issue follows lengthy discussions with the Canadian authorities about the bond's tax and legal status, as it is the first truly undated issue for a Canadian borrower. Canadian banks bave recently issued several 99-year floating rate notes

Credit Suisse First Boston, which led the deal, set its coupon at the lowest level yet on an undated floating rate note - %-point over London interbank offered rate. Despite this the market responded enthusiastically. Hydro-Quebec is a wellknown name in the Eurobond mar ket, having been a frequent borrow er at both fixed and floating rates.

International capital markets,

# UK accountants hostile to plan for changes in audit rules

BY LIONEL BARBER IN LONDON

regulations of auditors,
The paper, published by the Department of Trade and Industry (DTI), responds to a new EEC company law directive. Among the controversial proposals are splitting audit work from other accountancy services such as management consultancy and the rotation of compa-

that it had an open mind on the pro-posals, saying that they were one way of complying with the EEC di-rective which obliges member states to ensure that auditors' inde-

law, and that statutory audits are outright hostility yesterday to a UK carried out with professional integ-

> emptive strike, however, several accountancy firms and the Institute of Chartered Accountants in England and Wales criticised the options laid out in the paper. Mr Brandon Gough, senior part-

ner of Coopers & Lybrand, said that any move to segregate auditing from other accountancy work would damage recruitment into the profession. He said there was no firm evidence of the independence of the auditor being under threat. The Government appears to be choking on a gnat," be said. Mr Don Hanson, senior partner

at Arthur Andersen, said that separating auditing from other work would be "expensive, disruptive and controversial for little or no gain."

Mr Bryan Blackborn, national audit partner at Deloitte Haskins & Sells, said that his firm was opposed to segregation. "Our clients deserve the right to receive a round package of services from us. It is to their benefit and to the investing public's benefit."

The Government is required to carry out the directive by 1988, though member states do not have to bring legislation into force until January 1990, The UK intends to take advantage of the gap to pro-

Editorial comment, Page 10

Turner & Newall raises AE bid

BY LIONEL BARBER IN LONDON

mining, automotive and engineering group, yesterday raised its hid for AE, the motor components concern, by £50m to £247m (\$365m) and declared the offer final.

AE rejected the higher offer, dismissing it as a "desperate last move." Sir John Collyear, AE chairman, said that Turner had been forced to introduce a cash alternative because of the sharp fall in its sbare price, down 25 per cent since the first hid was revealed in June. Mr Colin Hope, Turner managing director, continued to stress the competitive benefits of a merger. "AE will have a hard struggle to keep on paddling its own canoe," he said.

Yesterday, Turner bought AE fellow UK engineering firm GKN in December.

cent to about 5 per cent.

Turner is offering one new share and 70p in cash for each AE share. On the basis of last night's closing price for Turner, down 5p to 177p, the offer values AE, up 32p to 234p, at 247p per share. There is a full cash alternative of 240p.

Turner, advised by N.M. Rothschild, is attempting to shift away from its mining roots and dependence on Africa and India through the proposed merger. If the hid is successful, around 75 per cent of the group's turnover would come from the US, Europe and the UK.

AE, which accepted a bid from

TURNER & NEWALL, the British shares in the London market, lift- 1983 but changed its mind before ing its stake from just over 1 per being saved finally by the Monopolies & Mergers Commission, has strong technical expertise in plastics and composites as well as engine components. The group is be-

ing advised by Hill Samuel Sir John said yesterday that AE would shortly be announcing a profit forecast for the current year. Ha said that this would show clearly that the price offered by Turner was "totally inadequate for the world's leading engineering company in its field."

AE reported pre-tax profits of £26.3m on turnover of £383m for the year to September 1985. Turner made £34.2m pre-tax on £535m turnover for the year ending last

TSB sets share terms

• Free shares will be on offer. Eli- accountants, to police the issue and

rate of about 1.65 per cent. Most brokers usually have a £15 mini-

Tough measures will be taken to said. We have already received

prevent professional stags making more inquiries than British Tele-

big profits out of the flotation. La- com did in the whole of its cam-

zard has appointed Peat Marwick paign, and we still have another Mitchell, the UK-based chartered month to go."

gible employees, numbering 26,000, eliminate multiple applications. will be entitled to £150 worth free,

### NZ defiant after US cuts defence

By Dai Hayward in Wellington and Louise Kehoe in San Francisco

links

MR DAVID LANGE, the New Zealand Prime Minister, declared yes-terday that his country would not be deterred from its anti-nuclear policy, despite the withdrawal of US security commitments under the 35year-old Anzus defence alliance.

The US formally cut its defence ties with New Zealand late on Monday night at the conclusion of a twoday meeting in San Francisco between US and Australian ministers covering both defence and econom

For the past 18 months New Zea-

land's Labour Government has banned visits by US nuclear armed or propelled warships. The US refuses to confirm or depy whether or not its warships are nuclear-armed While the US and Australia apseared to be drawing closer on defence issues in an effort to compensate for the absence of New Zea-land in the tripartite defence ar-

rangement, differences over US subsidised wheat sales to the Soviet Union clouded the talks. In a joint statement, officials from both sides agreed that access for allied ships and aircraft to New Zealand was essential to the effectiveness of the alliance and that New Zealand's policies detract from the countries' "collective and indi-

vidual" capacity to resist armed at-The statement added: "Under the circumstances, the US cannot be expected to carry out its security obligations to New Zealand. According ly, the US is suspending its security obligations to New Zealand under the Anzus treaty peoding adequate

corrective measures. Australian officials were reporte to have said that their country's support of the US position was stronger than it might have been because Mr George Shultz, the US Secretary of State, and Mr Caspar Weinberger, the US Defence Secre tery, had agreed to "strong words"

Mr Kim Beazley, the Australian Defence Minister, said that his country would continue to maintain close defence ties but that Australia disagreed with New Zealand's poli-

Until now. Canberra has shown some understanding of Wellington's

Mr Shultz said that New Zealand had, in effect, withdrawn from the alliance but that Anzus remained strong and vigorous despite the ab-sence of New Zealand.

Mr Weinberger, hinting at Washington's hope for a change of government in Wellington, said that if New Zealand ever charged its poli-cy, it could rejoin the alliance. In Wellington, Mr Lange rejected

accusations from Sir Robert Muldoon, the former Prime Minister, that New Zealand was now unde fended and that the Government's defence and foreign policies had been "shot to pieces."

Left unresolved at the talks was Australia's anger at the US for recently deciding to sell subsidised wheat to the Soviet Union and China, both major grain customers of

At the opening of the talks, Mr Bill Hayden, the Australian Foreign Minister, expressed the "genuine outrage" of the Australians at the US decision.

"Is this the way the US Congress treats old and firm allies?" he

economy will affect our ability to make purchases of defence equip-

He emphasised, however, that there was no linkage between de-fence and economic matters between the two countries."

### Iraq attacks oil tankers

Continued from Page 1 for an expected autumn ground offensive against Iraq. Last Thursday a successful at-tack against Kharg Island left six out of 10 berths at Kharg out of action. The more important Sea Island there is apparently intact. By the end of last week it was estimat-

In addition, Iran has more lim-

THE LEX COLUMN

# The bank that likes to say 'no'

Having decided, contrary to the opinions of m'learned friends, that the TSB group is not a state-owned asset, those responsible for the flo-tation bave still lumbered it with the kind of arbitrary limitations previously reserved for privatisa-tions. But an attempt to bar foreign investors from the sale is a new twist. It is strange that a merchant bank which is owned to a considerable extent by French interests should be so blase about what will undoubtedly be taken as a slight by investors in the European Community. It should in any case be possible for overseas investors to take part in the issue through UK nominee accounts, which makes the rule seem offensive without the benefits

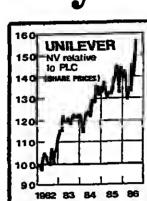
But it is the measures designed to protect the company from takeover which are most peculiar. It is bad enough to limit any one investor in the first five years to no more than 5 per cent. This is defended as the means to give what is bardly a new company time to establish itself un-molested. But even that ropey argu-ment can not be adduced in favour of Rule 2, which says that even after the five years are up, no investor may have more than 15 per cent of the shares. The only consolation is that, unlike British Gas, it will be possible for shareholders to vote to remove these iniquitous articles of association. So it will take a 75 per cent vote to gain control of TSB, rather than the customary bare majority. It is not as if there are no es-tablished channels that can be used to thwart a takeover not in the na-

#### Property

change has decided that single asset property companies are not such dangerous investments after all. From now on it will consider for listing not just the highly respec-table Property Income Certificate proposed by Richard Ellis and County Bank, but any other form of property securitisation. The potential dangers in this form of investment do not appear to have become changed is that Goldman Sachs and Barings demonstrated in June that if the London exchange won't wear it, then Luxembourg will Even

NEWS REVIEW

Subsea system



approval, to set up its own market on the Reuter screens

To the extent that the stock axchange initiative will make a notoriously illiquid market less treacly it should be welcomed. And it hardly seems any more risky as a listed vehicle than the the Lasmo and Sun Oil options which are no more than investments in a single oil produ-

Whatever troubles Unilever has suffered in North America, it can-not complain of a lack of interest from US investors. Their buying explains a large part of the shares' outperformance of late: in 1982 they held only 7 per cent of the NV shares (the Dutch version), by 1985 21 per cent. Their preference for the NV shares also accounts for the historically wide discount the British PLC shares are now standing at, which is beginning to tempt even US investors into the latter. Unilever's story has been one to

play on Americans' enthusiasm, When the buying began the rating was well below US equivalents and the management seemed bent on restructuring with the bottom line in view. And they could watch it happening in their own market as Unilever fought the detergent giants. Perhaps that was why Wall Street was less surprised than London by yesterday's second quarter figures, showing a 24 per cent rise only 25p up at £18.

5.8 per cent to 7.3 per cent in the second quarter. Even Brazil enjoy-ed a consumer boom, if brief, and the Anderson Clayton acquisition did better than expected. Lower to prices hit the plantations but toost-ed margins in Europe though the same did not work in oils. There are still problems to solve, and excep tional restructuring costs probably amounted to £35m or so in the quarter, a higher figure than last time, Acquisitions can also be expected. Depending on the incidence of fur-ther costs and marketing expenses. Unilever could just reach £1100m pre-tax this year, against £953m. A multiple around 11% is still not ex-

#### Turner/AE

AE may have been cheapskake, but its revised offer is positively munifi-cent. The original capital gain on of-fer to AE's shareholders was only 5 per cent and got the treatment it deserved, but yesterday's revised terms - comprising a 46 per cent up-lift on the last value of the old mixed offer and an underwritten cash alternative - was another matter altogether. AE's share price closed only 16 per cent up, at 234p and a small discount to the cash alternative. Turner is evidently in quite a hurry to complete before the engineering sector suffers any fur-ther loss of favour. And judging from its response to GKN's interim figures, the market is ready to entertain a cash offer,

Turner & Newall's first bid for

The case for AE's independence would be stronger if it had not in a moment of weakness, bartered it to GKN; but if there are virtues in a wider product range and customer base for AE's engine component business, it is not obvious that these will come with Turner's clutch or brake linings. Neither management has the edge. If the men installed by the City at Turner have done all asked of them, AE has not done much wrong either.

Because of Turner's accumulated tax losses, the City will enjoy AE's earnings almost tax free and a cut at the pre-tax level to £295m, and in research costs might conceivably marked the shares down, leaving provide a further boost. However, stantial and this seems quite a price Cutting out lower margin turn-for Turner shareholders to pay for over and making volume gains in the swamping of low-quality Afriit, then Luxembourg will. Even some areas, though rarely as high can earnings and asbestos expomore alarming for the Tower, the Pincs brigade was all set, given SIB belped operating margins up from do without either.

# Rate hopes aid equities

markets may be disappointed in their expectations of interest rate cuts, but notes that they may be registering the feeling that the period of disinflation now is coming to

Continued from Page 1

He said the markets believed that US policy makers "have now decided the world needs a little hit more inflation." Fears of renewed inflation were

now attracting some fund managers to gold, he said, besides the concern over the disruption of South African supplies that had prompted the recent surge in precious metals. Gold and platinum prices beld on

Drew in London, believes that the for any sign of a renewed upsurge

In London, gold closed at \$384.25 an ounce, down \$2.75 from Mon-day's close which was the highest since early 1984. Platinum closed \$8 lower at \$536.50 an ounce. In New York, gold continued to fall in busy trading, with metal for December delivery changing hands on the Commodity Exchange in New York at \$393.1 an ounce, down \$5.40, in

late trading. Platinum prices held up better, moving up on the New York Mercantile Exchange from an openin of \$528 an ounce for October metal to \$544.50 in late trading - \$3.60

down on the previous close. yesterday to most of the gains made in hectic trading on Friday In the foreign exchange markets. trading was much slacker after an and Monday. Traders said that initial flurry in the morning in Euwhile some investors took profits, rope had taken both the dollar and others staved in the market looking sterling higher

# Botha poll warning

Continued from Page 1

en to the large black townships and proposed they should receive full utonomy as "city states." He also emphasised the Govern-

ment's continuing commitment to its homeland policy. He said the homelands citizens enjoyed "more freedom than most citizens of other states in Africa." He strongly criticised the Com-monwealth, with its many dictator-

ahips and one-party states" and be said the refusal of the Commonwealth and other members of the United Nations to refuse to recognise the independence of the four so-called independent homelands vas "ridiculous."

Referring to sanctions, Mr Botha said: "We reject interference in our domestic affairs. We do not desire them for the sake of maintaining countries

and there will be a one-for-10 loy-

alty bonus on shareholdings of

£5,000 and less which are kept for

Cut-price dealing arrangements

bave been made with several pro-

vincial stockbrokers which will en-

able small shareholders to buy and

sell TSB shares at a commission

the first three years.

freedom, justice and order we will survive them." "Not only will we survive; we will

emerge stronger on the other side."

He added: "Our cootinuing endeavour towards self sufficiency and increasing our export capacity will be our repeated response to international punitive measures in every field of life."

To applause, Mr Botha said at the beginning of his speech: "We are a free and sovereign country. We are not the colonial lackeys of any oth-er state or power block."

Accusing the Western world of hypocrisy and double standards, be said that South Africa was now being presented as being worse than the Soviet Union, while at the same time the West tolerated the Berlin Wall and Communist tyranny over sanctions but if we have to suffer Poland, Alghanistan and other

systems indeed to prevent multiple

applications getting through and the TSB is reserving the right to

prosecute offenders," Mr Clegg

The TSB said yesterday that 1.5m

"It's very encouraging," the TSB

people had registered with its share information office so far - 1.1m of

ed that about half of the tanker capacity employed by Iran on the Sirri Island shuttle bad been crippled. Last month Iran completed a new makeshift trans-shipment terminal, Val Fajr-2 on Larak Island, close to

the Strait of Hormuz around the dog's leg formed by south-east Iran. For technical reasons, however, it has not been operating, according to traders. It is believed that the Iraqi Fls can hit this facility as

ited export capacity because of two large single mooring buoys near Gawaneh. These are much less vulnerable to attack because they are close to land.

#### ADVERTISEMENT

AVIONICS

# New radar approach Ferranti is developing Blua Vixen, a lightweight multiinstrumentation. The aircraft used is a modified BAC 1-11 operating from the Royal Aircraft Establishment at Bedford. With its unusual Sea Harrier nose, this aircraft is being used to gather data for software validation. Features of particular concert include land.

mode pulse doppler radar on order for the Royal Navy Sea Harrier FRS2. Englneers at Ferranti are employing a new refranti are employing a new approach to software development, historically the most difficult part of complex radar development. Earlier approaches have relied on iterative improvement by frequent and repetitive flight testing. This can lead to escalating costs and programme over-rups. gramme over-rups.

gramme over-rups.

The data collection is performed under an MoD funded activity called the Supporting Technology Programme. This programme has provided a flying laboratory carrying a prototype Blue Vixen radar with recording equipment and associated

valuation. Features of par-ticular concern include land-aea interfaces and fast moving vehicles. The radar must reject echoes from these features to clear the display for presentation for presentation of targets. targets.

In conjunction with the Royal Signals and Radar Establishment at Malvern, Ferranti is accumulating a design data archiva from which to validate Blue Vixen software and which will also accelerate tha design of the new radar for the European Fighter Aircraft.

#### COMPUTERS

#### Ferranti PCs for BR Price, performance and the fact that Ferranti PCs are

British designed and huilt were all factors which conwere all factors which con-tributed to British Rail appointing Ferranti as pre-ferred suppliers of PCs for an initial two year period. The Wythenshawe Division of Ferranti Computer Systems won the supply agreement in the face of stiff national and

international competition and already 150 PC 860 and PC 860 XTs have gone into service with BR.
Installed In local area managers' offices throughout the UK some terminals are used as standalone but the majority are used as worketations on a Novell Local Area Network, as part of a distributed mainframe network.



for Texaco Ferranti Subsea Systems, a Ferranti Industrial Electronics company, has been awarded a contract worth over £500,000 from Texaco to supply electro-hydraulic subsease control acutyment for the

BUSINESS

sea control equipment for the Petronella field in block 14/20 of the North Sea.

The equipment for the early production system will be installed during the summer, with the first oil coming on "The impact on the Australian stream by the end of 1986. The order follows the supply of a complete subsea control system for the Texaco Highlander field in 1985.

# Inference artistry

During its first year as main European distributor, Ferranti Computer Systems, Bracknell Division, Cwmbran, has sold 19 licences for the automated reasoning software tool Inference ART. Customers include CIMSA, CSELT, Plessey and Soren T Lyngso, who are all members of the European ESPRIT consortium. Other customers are MBB, Liter and Bodenseewerk in West Germany, Lyonnsise des Eaux, Coopers and Lybrand, Cambridge University and Milan Polytechnic.

#### Briefly . . .

Ferranti Defence Systems, Electro-optics Department, has secured a contract worth £250,000 to eupply Aeromet of Tulsa, Oklahoma, with a number of specialised mirror systems for use in high altitude atmospheric research in America.
Type 160 ring laser-gyro

sensors have been supplied to CESELSA of Madrid by the Navigation Systems.

Defence Systems.

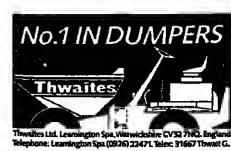
Medisil



## SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Wednesday August 13 1986



# Wickes sweetens bid for **Owens-Corning Fiberglas**

WICKES COMPANIES, the US ther offers to drive up the bid price. stake back to the company at a building products and retailing coup, yesterday launched a sweet-would "study" the Wickes offer.

Wickes reported pet profits of ened \$74-a-share or \$2.1bn hostile cash tender offer for Owens-Corn-

ing Fiberglas.
The Santa-Monica, Californiabased group, whose initial \$70-a-share friendly takeover bid was re-buffed by Owens-Corning's menagement, said it is seeking to buy all of the 91.5 per cent of the Owens-Corning shares it does not already own. Wickes has already built up a 2.53m share, or 8.5 per cent stake in

On the New York Stock Exchange yesterday investors bid up Owens-Corning's share price to \$79%, up for the Dallas-based National Gyp-

new resignation

By Alice Rawsthorn in London

GOOD RELATIONS, the UK adver-

tising and public relations group,

yesterday announced the resigna-

tion of another main board director,

Mr Jeremy Wyatt. His resignation comes amid a stream of bid specula-

tion and just two days before the

publication of Good Relations' inter-

im results, which are expected to

Mr Wyatt, who is the managing

director of Good Relations' corpo-

rate communications division, is

the fourth main board director to

leave in less than a year. He in-

tends to join Communications Strategy, a privately owned public relations consultancy which plans

to go public next year, as a director.

Six members of the corporate

communications division will leave

oach

show a sharp fall in profits.

after initial talks between the two companies apparently collapsed. Owens-Corning's primary products include fibreglass materials, polyester resins and composite materials used in construction, cars and boats. It is believed to have told Wickes that it wished to remain independent but was willing to con-sider the sale of certain assets such as its aerospace technology compa-

Wickes, which hid unsuccessfully

Wickes reported net profits of The offer came late on Monday \$28.1m on sales of \$2.8bn last year but has been expanding its opera-tions rapidly, including the acquisition of Gulf & Western's consumer and industrial products group in last autumn. It is believed to have an acquisition cash war chest totall-

> After filing for Chapter 11 protection from its creditors in April 1982 when it reported a \$143.5m loss, the company has bounced back into profitability and emerged from bankrupty court proceedings at the start of last year.

The acquisition of Owens-Corn ing, the world's leading manufacturer of fibreglass products, would

but also the disposal of opera-tions by the chemicals division The value of group turnove fell by 16 per cent to DM 20bn, with the sharpest percentage drops in the trading and petro-

earlier.

Order books were described as satisfactory. Volume sales were ahead - in most areas except electric power – and capacity utilisation, again excepting power, ranged from 85 per cent to near

Veba lifts

sales drop

By David Brown in Frankfurt

VEBA, the West German energy

conglomerate in which the Bonn

Government hopes to privatise its 25 per cent shareholding next

year, has reported improved profitability in the first half to

The group - one of Germany's

largest in terms of turnover -raised after-tax income to DM

303m (\$146.3m) against DM 295m

during the same period a year

against the background of drop-

ing sales, mainly because of the

lower US dollar exchange rate,

and the fall in crude oil prices,

profits

despite

peak levels. "Good results" were achieved by all divisions except oil, which was forced to devalue inventories because of the drop in oil prices but none the less managed to hold profit steady.

The group has trimmed its oil exploration and development budget and, taking into account the completion of large electric er stations, investo the first half declined from DM 1.4bn last year to DM 991m.

Veba said that it planned to acquire the remaining 49.9 per cent of the BKB power company from VIAG, the aluminium, energy and chemicals group, for an unspecified sum later this year DISMAL RESULTS AT MONTREAL-BASED GROUP REFLECT INDUSTRY TREND

# CanPac takes it on the chin

Canadian

Pacific PRICE

1985 1986

performing subsidiaries, while

costs have been pared at headquar-ters, ships sold off and container

internationally

services rationalised

BY ROBERT GIBBENS IN MONTREAL

CANADIAN PACIFIC'S dismal first-half results, released earlier this week, are a graphic illustration of bow nearly all the Montrealhased conglomerate's transport, resources and metals operations are taking it on the chin from low com-

CP, now one holding company after the exchange of its shares for those of CP Enterprises last year, has seen its sbares dwindle from a high then of C\$20 (US\$14.4) to about C\$13, the lowest for more than 50 years. It gives a warning that the outlook for the rest of 1986 remains dominated by lower oil prices and poor traffic levels on its railway and at CP Air, the airline subsidiary.

The company reported a second-quarter loss of C\$282.8m following a C\$362.5m charge, mostly covering writedowns in the shipping operations and in steel and steel products. For the first six months of the year, operating earnings were CS88.1m or 29 cents a share, against C\$141m or 66 cents, but after the charge there was a final net loss of CS274m this time. Revenues, mean-

first half of 1985 to C\$7.5bn. CP, Canada's largest company after General Motors' subsidiary, has made big efforts to trim its worst-

while, slipped from CS7.6bn in the

DOME PETROLEUM, the struggling Canadian energy group, is preparing yet another proposal to its banking creditors to be presented later this month. Meansented later this month. Mean-while, it has reported sharply lower revenues for the first half and a return to big losses. First-half loss was C\$182m (\$140m) against a loss of C\$21m a year earlier on revenues of C\$808m against C\$1.1bn. Second-quarter loss was C\$110m against profit of C\$20m against profit of C\$2m on revenues of C\$339m against C\$537m

products have all contributed to CP's woes.

The railway unit hoped to be gaining strength this year, but now terest in Amca International, the the prospects for strong traffic engineered products unit operating gains bave waned as freight traffic has declined, especially in the second quarter. However, its subsidiary, Soo Line in the US, is on the recovery path.

Elsewhere, CP Air had a CS30m Finally, PanCanadian Petroleum, loss, with higher fares failing to off- one of the most successful oil and However, the dollar exchange rate, depressed prices for virtually set low yield levels and higher opall onn-ferrous metals, the inability erating costs. The botels, also part of its Amca International unit to engineered products and a longerthan-expected downturn in forest tional Railways Hotels early this

year foundered because a price

could not be agreed.

Bulk shipping losses increased and the North Atlantic container operations suffered from lower westbound traffic and poor rates easthound. Trucks turned around to a profit and the Marathon Realty property development unit was up sbarply. Telecommunications prof-

its were lower. Algoma Steel, a long-time trouble spot, turned in a larger loss at CS23.2m, excluding writedowns, because of poor selling prices and sluggish demand for pipe CP indi-rectly is pumping nearly C\$200m in-to Algoma to belp to reduce its

heavy deht. This is being done through the sale by Algoma of its 35 per cent in-terest in Amca International, the mainly in the US, to the parent company for CS193m cash. CP itself will now own 50.6 per cent of Amca. which already bas a big deht load and is selling unwanted assets.

gas firms in western Canada, and a mainstay of CP's consolidated profof CP Air, did not do well. A plan to its for five or six years, is now lagmerge CP hotels and Canadian Naging because of the drop in energy

from \$61% 10 days ago before the sum earlier this year, apparently initial Wickes bid and well above said it was only interested in buy-

**UK** advertising

group sees

## the tender price indicating specula- ing the whole of Owens-Corning turer of fibreglass products, would tion that stock traders expect fur- and would not consider selling its Quaker to sell retail unit as earnings rise

BY OUR NEW YORK STAFF

QUAKER OATS, the US food, toys and speciality retailing group, yes-terday put its retailing business up for sale in order to focus more closely on its US grocery and Fisher

Price toy operations. Quaker, which also reported a 15.7 per cent increase in fiscal fourth-quarter net earnings yesterday, said it had retained Goldman Sachs and Salomon Brothers to find buyers for the speciality retailing operations.

The speciality retailing operations put on the auction block consist of three businesses: Jos, a manufacturer and retailer of men and women's apparel and accessories: Brookstore, a retail and mail order marketer of tools and housewares; and Eyelab, a chain of optical stores. Together the three units had fiscal 1986 sales of \$216.8m. about 6 with him, including two directors. per cent of Quaker Oat's total sales.

Quaker Oats said that the planned divestiture was expected to result in a gain. However, the company did not estimate the size of the gain or its timing.

The Chicago-based group - whose food products include Quaker Oats cereals and Aunt Jemima pancake mixes and which recently agreed to acquire Gaines Foods from Anderson Clayton for about \$235m to add to its pet food operations - has been steadily expanding its food and toy

Quaker Oats' fiscal fourth-quar-ter net earnings of \$73.1m, or \$1.86 a share, compared with \$63.2m, or \$1.54, in the year-ago quarter on sales which advanced from \$934.4m

to \$1.03bm. For the full fiscal year Quaker re ported net earnings from continuing operations of \$174,2m, or \$4.35 share, on sales of \$3.67bn

# Libya to keep 15% Fiat shareholding

BY ALAN FRIEDMAN IN MILAN

THE LIBYAN Arah Foreign Investment Company (Lafico), which holds a 15 per cent equity stake in Italy's Fiat group, said yesterday that Libya had no plans to sell its shareholding.

The strong denial of any intent to sell, which came from Mr Mohammed Shetewi Naas, Rome director of investments for Lafico, followed press reports in Italy that the ibyans were ready to sell their Fiat stake, valued at \$2.8hn, to IFI, the Agnelli family holding vehicle, which controls 31.3 per cent of Fiat

Mr Naas said the reports, which quoted him as saying Libya was ready to sell "are not true". He thought Fiat a good investment for Libya and declared a desire to huy more shares in the Turin-bas

Mr Abdurrahaman Shalgam, the Libyan Ambassador in Rome, last night said Libya had just paid \$95m to subscribe its portion of a Flat rights issue. That is certainly not an indication that we are about to

man, has in recent months expressed interest in buying out the more than 10 times the initial in- Star Wars programme. vestment made by Lafico in 1976.

That agreement of 1976, which led to the appointment of two Libyan members to the Fiat board, contains a clause giving the Agnelli family first option should the Libyans ever wish to sell.

Mr Gianni Agnelli, Fiat chair- for the Italian group in its dealings with the US Government, where it is seeking a slice of the business re-Libyan share stake, which is worth lated to President Ronald Reagan's

In May, the Pentagon blocked a \$7.9m contract awarded to the Fiat-Allis earth moving equipment subsidiary. The personal opposition of Mr Caspar Weinberger, the US Defence Secretary, was based on the Reagan Administration's policy of not doing business with any compa-The Libyan share participation in nies it believes to be substantially Fiat has already caused difficulties owned by Lihya.

# البنك السعودى العالمى المحدود Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED

#### **Extract from Consolidated Interim Balance Sheet**

	30th June 1986	31st December 1985
	£'000	£'000
Capital Funds	188,065	189,209
Deposit Liabilities	3,005,019	2,665,406
Loans	1,115,610	1,234,381
Total Assets	3,310,233	3,064,759

London New York Tokyo Nassau

Shareholders: Saudi Arabian Monetary Agency.
National Commerical Bank (Saudi Arabia), Riyad Bank,
Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Ltd., Banque Nationale de Paris, Deutsche Bank AG, National Westminster Bank PLC and Union Bank of Switzerland.

This announcement appears as a matter of record only

# The Laird Group

£90,000,000 **Multiple Option Facility** 

S. G. Warburg & Co. Ltd.

Lead Manager

Midland Bank plc

The Bank of New York Crédit Lyonnais, London Branch Commerzbank Aktiengesellschaft TSB England & Wales plc

Participant.

CIC-Union Européenne, International et Cie Kansallis Banking Group The Tokai Bank, Limited

Australia and New Zealand Banking Group Limited Banque Paribas (London) Commerzbank Aktiengesellschaft Credit Lyonnais, London Branch The Dai-Ichi Kangyo Bank, Limited

Kansallis Banking Group Midland Bank plc The Tokai Bank, Limited

Gulf International Bank B.S.C.

The Bank of New York CIC-Union Européenne, International et Cie Co-operative Bank p.l.c. **Credit Suisse** 

The Mitsubishi Bank, Limited

S. G. Warburg & Co. Ltd.

The Fuji Bank, Limited The Industrial Bank of Japan, Limited Kleinwort Benson Limited The Mitsubishi Bank, Limited TSB England & Wales plc

S. G. Warburg & Co. Ltd.

Tender Panel Agent

S. G. Warburg & Co. Ltd.

August, 1986

**Credit Suisse** 

### **UEP** plans share issue to raise \$77.6m

By Wong Sulong in Kuzle Lumpur UNITED ESTATES Projects (UEP), one of the biggest Malaysian property developers, is to make an Issue of apecial category shares to raise 202.2m Ringgit (\$77.6m) in order to

reduce its bigh gearing.
The one-for-one share iasue, priced at I Ringgit par value, will carry an annual gross dividend of 9.5 per cent, and can be converted to ordinary ahares at par from 1988.

UEP, developer of the highly processful Subarg Lava 1999.

successful Subang Jaya town-ship outside Kuala Lumpur, said that since 1984 It bad made several major acquiaitious, including Seafield Jaya, to replenish its holdings of its undeveloped land with the near-completion of Subang

Jaya.

These acquisitiona cost 255m ringgit and resulted in borrowings rising significantly to 248m ringgit compared with sharebolders' funds of 346m

ringgit.
UEP said the funds from the share issue "would be fully applied towards reduction of the group's borrowings," and the resulting reduction in interest charges would contri-bute towards profitability of

per cent — have indicated their intention to subscribe to their entitlement, and would also take up any shares not taken up by minority shareholders. UEP abares are currently traded at around their par

Earnings of UEP have been hit by the collapse of the pro-perty market, and a pre-tax profit of 22m ringgit is proprofit of 22m ringgit is pro-jected for the 1g months to June 1987, compared with 35m ringgit for the 12 months to December 1985, and 59m ring-git for 1984.

#### Qantas decline

OPERATING PROFITS of carrier, bave dropped 29.2 per cent to A\$44.4m (US\$26.9m)

NEW ISSUE

# US stores' earnings increase on higher consumer spending

turing charge of \$35m.

A continuation of improving sales

Woolworth, after a strong first

quarter, pushed net earnings ahead by a further 29 per cent to \$35m or

per cent gain.
The fall in the dollar has boosted

Woolworth's overseas sales, which

gained 13 per cent in the second quarter and 15.2 per cent in the first

and operating performance for the

BY TERRY BYLAND IN NEW YORK

pace of consumer spending in the US came yesterday when J. C. Penney, F. W. Woolworth, The Limited and Wal-Mart stores reported high-er earnings for the second quarter. Optimism for the second balf-

year was expressed by Mr William Howell, chairman of Penney, and Mr Leslie Wexner, chairman of Ohio-based Limited. Wall Street has shown doubts over the outlook for consumer spending in the wake of July sales figures disclosed last

week by leading retailers.

Penney, third largest US retailer,
met analysts' forecasts with record operating earnings of \$57m or 75 cents a share on sales increased from \$3bn to \$3.2bn. After a tax charge on its restructuring. Penney's final net for the quarter was

FURTHER INDICATIONS of the pace of consumer spending in the pace o The half-year shows an 8.8 per gains would have been trimmed to cent sales gain to \$6.3bn. Net earn- a 4 per cent and 6.2 per cent respec tively. Total sales for the first balf ings have risen by 36 per cent to increased from \$2.6bn to \$2.9bn. \$109m or \$1.44 after a debt restruc-

The Limited achieved record sales and earnings for the quarter. Net income jumped 26 per cent to second half was predicted by Mr \$40.2m or 22 cents a share after adjusting for the stock split. Sales gained 32 per cent to \$695m. For the six months, net was 52 per cent up at \$71.6m or 39 cents and on a 38 54 cents a share in the second three-month period, bringing six-month net to \$48m or 74 cents, a 45

per cent sales gain to \$1.4bn.
Wal-Mart lifted second quarter net by 34 per cent to 595.9m or 34 cents on sales of \$2.8bn against \$1.9bn. Six month net was 37 per cent up at \$169.3m or 60 cents on sales of \$5.1bn compared with \$3.6bn a year ago.

# **SACM-T** goes into liquidation

SOCIETE Alsacienne de Con-struction de Material Textile (SACM-T), France's longest-established manufacturer of textile machinery, is to be liquidated after a long battle against financial problems.

The liquidation, pronounced at the commercial court of

the group.

Two major sbareholders —
Sime Darby which holds 49.2
per cent of UEP, and Amanah
Sabam Nasional, which has 26.3
per cent — have indicated their
intention to subscribe to their
intention to subscribe to their
intention to subscribe and would also enne de Participations Indus-trielles (Alspl) in which the state-owned Compagnie Financiere de Suez bas a stake.

manufacturer, is among the bldders.

SACM-T made total losses last year of FFr 79m (\$11.8m) on turnover of FFr 150m.

The largest company in the group, Societe Alsacienne de Constructions Mecaniques, one of France'a largest diesel engine manufacturers, is continuing to work normally.

work normally.

Officials at SACM-T said part of the company's activities, including its UR-1000 microprocessor controlled automatic weaving machine, may be taken over by another textile machamily and support of the remaining and many of the remaining armaments during war-time occupation by the Germans. inery group. A French sub- employees are likely to lose aidiary of Saurer, the Swiss their jobs under the liquidation depending on the outcome of talks with potential purchasers.

## Denmark calls for brokers' accounts

BY HILARY BARNES IN COPENHAGEN

ate has sent a letter to all 28 firms authorised to deal on the Copenhagen stock exchange asking them to submit audited financial reports by the end of the month.

Officials at the Inspectorate

new law regulating the stock broker, exchange.

denied that the letter was sent minimum capital ratio to ing that it could meet all short-in the light of losses known to guarantees and liabilities of term obligations.

THE DANISH Bank Inspector- of a general tightening up of currently 20 per cent below the supervision of broking com- their April peaks—plus the panies under the terms of a failure of a small unlicensed

Last month one of the major The new legislation says, broking bouses, IS Monies, among otbar things, that issued a statement at the broking firms must maintain a request of the bourse confirm-

for the year to March 31, down from the record A362.7m the previous year, AP-DJ reports from Sydney.

Mr Jim Leslie, chairman, sald the decline was dua to the lower Australian dollar,

In the ight of 16888 known to 1 was no legal lower limit.

Doubts about the financial health of the Copenhagen stock-broking community have arisen term obligations.

At the same time another major broker, Lannung, gave the Bank Inspectorate assurbroking community have arisen was sound following the collapse

This announcement appears as a motter of record only,

August, 1986



## **KUMAGAI GUMI CO., LTD.**

U.S.\$100,000,000

3½ per cent. Guaranteed Bonds Due 1993

#### **Warrants**

to subscribe for shares of common stock of Kumagai Gumi Co., Ltd. Payment of principal and interest being unconditionally and irrevocably guaranteed by

The Sumitomo Bank, Limited

ISSUE PRICE 100 PER CENT.

**Daiwa Europe Limited Sumitomo Finance International** LTCB International Limited

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Algemene Bank Nederland N.V. Banca del Gottardo Banque Arabe et Internationale d'Investissement (BAII) Banque Nationale de Paris Berliner Handels- und Frankfurter Bank Crédit Commercial de France Dai-ichi Europe Limited Robert Fleming & Co. Limited Kidder, Peabody International Limited Kuwait Investment Company (S.A.K.) Morgan Grenfell & Co. Limited Pierson, Heldring & Pierson N.V. Société Générale Swiss Volksbank Universal Securities Co., Ltd.

**Bank of Tokyo International Limited Banque Bruxelles Lambert S.A.** Baring Brothers & Co., Limited Chase Investment Bank Credit Suisse First Boston Limited Dresdner Bank Aktiengesellschaft **IBJ** International Limited KOKUSAI Europe Limited Lloyds Merchant Bank Limited New Japan Securities Europe Limited J. Henry Schroder Wagg & Co. Limited **Sumitomo Trust International Limited Tokai International Limited** Westdeutsche Landesbank Girozentrale Yamatane Securities (Europe) Ltd.

ANZ Merchant Bank Limited Banque de Neuflize, Schlumberger, Mallet Bayerische Vereinsbank Aktiengesellschaft Chemical Bank International Group Goldman Sachs International Corp. Kleinwort, Benson Limited Samuel Montagu & Co. Limited Nuovo Banco Ambrosiano SpA Vereins-und Westbank Aktiengesellschaft

Bankers Trust International Limited Bayerische Landesbank Girozentrale James Capel & Co. Genossenschaftliche Zentralbank AG Hill Samuel & Co. Limited Meiko Securities Co., Ltd. Morgan Stanley International Taiyo Kobe International Limited Wako International (Europe) Limited

## US chips company announces iob cuts

By Louise Kahoe In San Francisco

THE US semiconductor industry slump continues to take its toll in Silicon Valley where Advanced Micro Devices (AMD) bas announced that it will abandon its "no joo cuts" policy in mid-October and dismiss 200 short-term employees this

For AMD, the announcement marks the end of a oecade-long ef-fort to guarantee workers their jobs despite the dramatic swings of fortune in the US semicooductor market. But the industry recession, which began two years ago, bas strained AMD's resources to the limit. The company reported a oet loss of 528m on revenues of \$154m

in its latest quarter.
While other US chip makers have closed plants and laid off thousands of workers, AMD maintained a strict no job cuts policy. "But condi-tions bave come to the point now where we are left with no choice but to rescind our policy in order to re-main internationally competitive," the company, said.

AMD also announced this week that it was withdrawing from the market for dynamic random access memories (Dram). The company has maintained only a minimal presence in the Dram business for

the past few years. New industry statistics on Monday indicate that the industry-wide recession is far from over. US chip sales, which typically dip in the summer months, showed a much steeper than expected decline in July, falling 11.4 per cent from the previous month.

Shipments dropped by 14 per cent in July to \$558m, according to the Semiconductor Industry Association, a trade group representing US chip makers.

#### Pickens sees continued energy slump

OIL and gas drilling in the US will remain at its current low levels until the mid-1990's, Mr T. Boone Pickens, the Texas oilman, told the annual meeting of the American Bar Association, Reuter reports from New York.
"You're looking at well beyond

1990 before you see drilling activity pick-up," Mr Pickens said. "Drilling woo't recover until oil hits \$35 a barrel and looks like its going to hit There were 734 drilling rigs of

erating in the US this week, compared to more than 1900 late last year, he said. Of the active rigs in the US only

50 were "wildcats" end the rest were involved in infill and develop-"You have only 50 rigs in America today looking for oil and gas," be

Mr Pickens said the low level of drilling would cut US crude oil productioo from 9m barrels per day currently to 8m harrels per day by

the summer of 1987, and would also help end the natural gas delivera-hility surplus by 1989-1990. Mr Pickens told the lawyers association that he saw oil prices recovering to \$18-20 by year'a end and rising to \$28 a barrel within 2 years.

#### N. AMERICAN **QUARTERLIES**

CANADA DEVELOPMENT

Second quarter   1962   1985   CS   CS   CS   CS   CS   CS   CS   C	Industrial holding company				
Second quarter   Seco	Revenus Nei profile Not per sharo Six months Revenus Net profits Not per share	638.5m †2.8m †0.62 1.53bn 1.8m	822.3m 53.0m 1.09 1.64bn 66.1m		
Second quarter   Revenue   280.2m   394.6m					
Second quarter   S   S   S   S   S   S   S   S   S	Revenue  Nat profits  Nat per ahers  Six months  Revenus  Nat profits  Nat per ahere	293.2m 40.0m 2.13 594.5m 29.4m	391.6m 7.2m 0.26 774.5m †3.1m		
Second quarter   S   S   S   S   S   S   S   S   S	FOOTE COME AND BEI	DING			
Second quarter   1988   1985   5   5   5   5   5   5   5   5   5	Revenus Net profits Net per aham aix months Revenus Net profits Net per ehere HAMILTON OIL	\$ 82.2m 5 2m 1.24 158.1m 7.3m	\$ a1.5m 6.0m 1.44 150.7m 6.9m		
Fourth quarter Ravenus 204.1 m 254.7 m Net orofits 1.2 4 4 m Net per shero 0.05 0.22 Year Ravenue 349 5m 927.5 m Net profite 3.6 m 15.5 m Net per shere 0.15 0.76	Second quarter Revenue Ner orofits Net per shero Jak months Revenue Net profits Nst per shere NATIONAL CONVENIEN	\$ 57.4m 11.1m 10.07 160.9m 9.0m 0.31	\$ 66.3m a.2m 0.22 104.0m 10.9m 0.39		
	Fourth quarter Reveaus Nel orofits Nel per shero Year Revenua Net profits	204.1 m 1.2m 0.05 949 Sm 3.6m	S 254.7m 4 2m 0.22 927.5m 15.5m		

# Hydro-Quebec launches \$400m perpetual floater

HYDRO-QUEBEC, the Province of Quebec's electric utility and canada's second largest company, launched a \$400m perpetual floating rate Eurobond yesterday, led by Credit Suisse First Boston.

Just two new dollar nxed-rate deals appeared yesterday, despite a firm tone in the market Goldman Sachs issued a \$100m seven-year 7f per cent bond for Exportfinans, the Norwegian state entity. The deal was

Hydro-Quebec bas chosen to issue this type of bond because its duration more closely matches the long life of its assets than most term debt. It will repay \$400m of US commercial paper with the proceeds.

Additionally, the structure has costing advantages since the debt will be accounted for at historic cost. Hydro-Quebec will not therefore be exposed to future Canadlan/US dollar foreign exchange fluctuations on the inatrument.

The issue will appear in Hydro-Quehec's halance sheet as senior debt. It is thus un-like perpetuel floating rata notes issued by banks in Britain and some other countries, where perpetual floating rate notes rank as capital funds.

Hydro-Quebec's coupon was set at & point over six-month London interbank offered rate (Libor), the lowest level ever

on an undated issue. Priced at par, its feea total 40 basis points. It is callabla at par after five years.
The market responded enthusiastically to the deal and it was quoted at around 99.80 on the bid side.

Fuji Bank yesterday reopened the market in floating
rate certificates of deposit
with e \$150m five-yeer issue
which met good demand,
writes Alexander Nicoli.
The issue is in the name of
the benk's London branch
and was led by Fuji Intermational Finance, it is noncalleble, and is priced at par

callable, and is priced at par-with interest set ‡ percentage points below six-month London interbank effered

Fuji's deal followed a lull ratis used rendered a factor rate CD issues after a flood in June, which included a \$200m issue by Fuji Bank, The larest issue was trading at dis-counts to issue price within the original discount at which it was sold to co-managers.

quoted at discounts to issue price within the level of its fees.

Meanwhile Morgan Guaranty
iaunched a \$75m issue for
Champion International. The company is the world's largest white paper maker, rated triple-B by Standard and Poor's

Just two new dollar fixed-rate deals appeared yesterday, despite a firm tone in the market Goldman Sachs issued a \$100m

Sour

In the D-Mark market, prices rose by about # to # point. The market was influenced by rumours of a round of interest

rates in the entumo.

One borrower, Finnish Real
Estate Bank, took advantage of
this firm tone. The bank is
wholly nwned by Skopbank, the
central clearing bank of the
Finnish savings bank system.

The DM 150m issue, with a
six-year life, has a coupon of 6
per cent and price of par. It-

per cent and price of par. It met a favourable reception, and traded at about 991 on the bid side, as compared with 24 per cent fees.

In Switzerland, Swiss Bank Corporation issued a Sir 250m 15-year bond, with an indicated conpon of 5½ per cent, for the World Bank. Meanwhile, a recent 5½ per cent 12-year bond for Internamerican Developrecent 5% per cent 12-year band for Inter-American Development Bank moved up by \$\foatsquare\text{point}\$ Soditic issueched the first issue for some time in the Swiss market with redemption in US dollars. Terms are to be fixed on August 21, but the Swiss franc coupon on the SFr 200m deal for GTE Finance is indicated at 6% per cent. At final maturity, each SFr 5,000 band will be redeemed at \$3.830, according to the indicated pric-

according to the indicated pricrating agency.

The five-year bond was priced features.

### DBS gains from lower tax charges

DEVELOPMENT BANK of said this masked an expansion Singapore (DBS), one of the island's hig four commercial banks, benefited from sharply lower tax charges in the first half to June, and turned in a 4.8 per cent rise in group net profits to \$\$52.07m (US\$24.18m), writes onr Finan-

Net earnings at the bank alone rosa only 0.3 per cent to \$\$43.23m. But a bank official

said this masked an expansion in treasury and investment banking activities which produced a jump of more that 2½ times in income from this sector, to \$\$61.71m from \$\$23.05m.

Pre-tax profits for the bank were down 19 per cent at \$\$49.66m and for the group at large 18.9 per cent lower at \$\$62.27m. This reflected the impact of a boost in loan loss provisions to \$\$55.91m from \$\$36.79m.

DBS has trimmed the interim dividend to 7 cents a share from 8 cents, despite a slight rise in earnings to 34 cents a share from 33 cents.

The DBS performance was markedly better than those of OCBC and UOB, two rivals which last week revealed respective earnings declines of 20.6 per cent and 17.2 per cent. Profitability of all three, however, is now roughly equal at just above the \$\$50m level.

#### FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

	Closing prices on August 12
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## INTL. COMPANIES & FINANCE

David Marsh on the French electronics group's drive for foreign sales

# Souriau builds a global network

His company, which military aircraft maker, which makes sophisticated connectors has just made its first test

The company's main clients are in the aerospace, armaments and telecommunications sectors and telecommunications sectors

areas where many French national competition—at a time companies bave grown up when the company has been facing a slackening of domestic of aggressive government military and aerospace orders-sponsored programmes to leaves Souriau with no choice boost France's high-technology but to be present industrially

Yet alongside its role in prestigious national ventures it equips the French-led Ariane space rocket: as well as the Souriau has been careful to build np parallel activities in competing projects abroad.

Through its manufacturing sibsidiaries in the US, West Germany, the UK and Italy, Sourian supplies equipment for the Anglo - German - Italian Tornado fighter-bomber as well as for the American F1B fighterspace Mirage 2000 fighter — Souriau has been careful to build np parallel activities in competing projects abroad.

jet—aircraft which are competing with the Mirage on world military markets.

Alongside its part in equipping the European Airbus, sourizu also has a modest share sents German-made equipment in the connectors about 15 february in checkly a same problem as us.

Sourizu also has a modest share sents German-made equipment in the connectors aboard the

And Mr Leroy reckons that his company has a "good chance" to win orders for the European fighter aircraft Federal Republic, where planned for the 1990s by Britain, Germany, Italy and Spain—a project which France, effort two ways of lengths are orders for more orders for more reckons that sales to 50 per cent. This is Japan a year ago. The Japanese market for connectors, including all the telecommunications and computer applications, is painted by a subsidiary in the agency and companies are increasing efforts to build up activities in the agency and activities in the agency activities in the agency activities in the agency activities in the agency and activities in the agency and activities in the agency activities in the agency and activities in the agency activities in the agency and activities in the agency activities in the agency and activities are activities and activities and activities are activities and activities and activities and activities and activities are activities and activities and activities and activities are activities and activities are activities and activities and activities and activities are activities and activities and activities and activities and activities are activities and activities and activities and activities are activities and activities and activities activities activities activities and activities activities and after two years of lengthy ment orders for programmes

MR MARCEL LEROY, chairman of Sourlan, the specialised France is going ahead with its own project to develop the prototype Rafale fighter built by the Dassault-Breguet which military aircraft maker, which

forming the vital junction.

electronic and optical circuits, electronic and optical circuits, gets more than half its sales markets to be competitive," says Mr Leroy. "If we were the Rafale, it wouldn't just on the Rafale, it wouldn't be enough."

on foreign markets.

"We have to get on well with everyone," saya Mr Leroy, pointing out that even some of tha company's parts for the Exocet anti-ship missile—which

to win shares in European pro-grammes, Mr Leroy says. "They have the same problem as us."

Sourian is shortly to boost local content in West German



Mr Marcel Leroy: "We bave to get on well with everyone"

like the Airbus. Pointing to the gradual fall in the French share of equipment orders on the Airhus programmes—from 60 per cent to the first A-300 wide body jets to between 30 and 40 per cent for the new narrow-body A-320
—Mr Leroy says the Germans now have "the will and the capacity" to step up their aerospace efforts. space efforts

Symbolising its policy of foreign expansion, Souriau opened up a subsidiary in making efforts to build up activities in the aerospace

Souriau has also signed licensing deals with a number of Eastern bloc countries—including with Czechoslovakia in 1984—and also with China last year. It also last year clinched a FFr 20m contract to supply the Soviet Union with civil aviation equipment.

About 26 per cent of Sour-

iau's FFr 1.4bn of turnover last year was in the zerospace and missiles sector — about 60 per cent military programmes and 40 per cent civilian — with 18 per cent in land-based arms sales for tanks and military

For this year Mr Leroy says slackening arms orders both in France and the US, as well as the reduced pace of Airbus production, are leaving a "hole in activities. But be still hope for an increase in profit from last year's consolidated net earnings of FFr 64m (up 5 per cent from 1984), on turnover likely to be up about 13 per

A total of 46 per cent of Souriau's capital, listed on the Paris bourse's second marche, is now in the bands of the publle and institutional investors following the placement in June

following the placement in June of a 25 per cent equity package formerly held hy one of the company's two family sbareholding groups.

The Souriau family however keeps a 47 per cent controlling stake (with another 7 per cent owned by the Charles family). Mr Leroy says the company traditionally has been able to rely on cash-flow to finance development, but is not ruling out it need funds for acquisitions

#### Chatham Maritime - where mighty warships once planning procedures ensuring that this unique and imaginaberthed - is fast becoming the most exciting waterside tive redevelopment by English Estates will be of prime interest development in Europe. to investors, developers and companies seeking to relocate. Situated midway between London and Dover, on the banks Even if this is the last Enterprise Zone, surely nn nther is as well located given the ease of access in the M25, the Channel Ports, the proposed Channel Tunnel and Europe. What's of the Medway, Chatham Maritime will bring together prestige office/commercial developments, quality housing and leisure development opportunities each sharing its more, situated within the Garden of England, it offers a unique waterside features. unique living and working environment. A new 900 berth marina will become the focal point of the If you'd like to know more about Charham Maritime's new community. development opportunities, contact English Estates, Britain's latest (it could be the last) Enterprise Znne offers 100% Pembroke, Chatham, Kent ME4 4UF. Telephone: 0634 815081/6. Telex: 965250. Fax: 0634 815939. capital allowances, rate-free benefits until 1996 and simplified

THE GATEWAY TO EUROPE IN THE GARDEN OF ENGLAND

# Spiralling exports boost Korean companies

n nierte gw 

1 100 mg 22 pg

HALF-YEAR results released by leading South Korean companies show strong earnings advances as the country's export boom gathers pace.

Chell Synthetic Textiles increased earnings in the first half to June by 549.7 per cent to 25m your sales of base film, which is used to produce video tapes.

Chell began producing base film in May 1985, and sales of the product picked up early this year. About 95 per cent of the product pi (\$2.26m). Sales rose by 13.5 per cent to 107bn Won.

pany is exported.

Dongbu Industrial boosted sales 90.8 per cent to 85.2bn Won, while earnings rose 101.3 A company official attributed per cent to 2.1hm Won. the sharp increase in profits to Dongbn said it saw a sharp

48.2bn Won.

The company said that in the first balf, and falling oil prices also beloed the company reduce an extraordinary loss of 1.6hn production costs.

## Bophuthatswana casinos ahead

BY JIM JONES IN JOHANNESBURG " SUN INTERNATIONAL: The company operates two Bophuthatswana (SIB), the casino complexes in Bophuthatswana independent south African bomeland, south African bomeland, sincreased turnover by an inflation matching 17 per cent in its first year as a quoted company Turnover rose to 168.3m (\$66.1m) in the year to June from R144.2m and pre-tax profits were R28.8m against and the Bopbuthatswana (South African boundary) and the six months to June but believes it will stabilise the account by the end of the year.

The first balf's gross premium income rose by a quarter of R153.6m (\$60.3m) from R152.5m and the company sufficiently to prevent the interim pre-tax profit dropping to R5.1m from R9.8m.

Net earnings deficit of R5.4m against a small surplus of R137,000 in the first balf of 1885.

Investment income increased, but not sufficiently to prevent the six months to June but believes it will stabilise the account by the end of the year.

The first balf's gross premium income rose by a quarter who is controlled by Eagle Star Holdings of the UK and Anglo American Corporation, moved into the red on its underwriting account in the six months to June but believes it will stabilise the account by the end of the year.

The first balf's gross premium income rose by a quarter to R153.6m (\$60.3m) from a first balf of R5.4m against a small surplus of R137,000 in the first

## **Underwriting loss at SA Eagle**

## BY OUR JOHANNESBURG CORRESPONDENT

# .U.S. \$150,000,000

First Bank System, Inc. Floating Rate Subordinated Capital Notes Due 1996

Interest Rate

69/16% per annum

Interest Period

13th November 1986

13th August 1986 13th November 1986

U.S. \$838.54

Interest Amount per U.S. \$50,000 Note due

**Credit Suisse First Boston Limited** Agent Bank



#### Metal Box p.i.c.

U.S.\$50,000,000 51/s per cent. Bonds Due 1993 with Warrants to procure the subscription of Ordinary Shares of Metal Box p.l.c.

Notice is hereby given, in accordance with the Deed Poll executed by Banque Indosuez Luxembourg in connection with the above Warrants, that with effect from 28th July, 1986 the Subscription Price (as defined in the Deed Poll) of 771 pence per Ordinary Share of Meial Box p.l.c. (the "Company") was adjusted to 192 pence per Ordinary Share following the sub-division of each of the Ordinary Shares of £1 each of the Company into four Ordinary Shares of 25 pence each pursuant to a resolution passed at the annual general meeting of the Company held on 24th July, 1986. Following such sub-division, Banque Indosuez Luxembourg shall, for no payment, issue to each Warrant Holder three additional Warrants for each Warrant held on 28th July, 1986.

Date: 13th August, 1986 BANQUE INDOSUEZ LUXEMBOURG



#### **BANK OF GREECE**

US \$250,000,000 Floating Rate Notes due 1997

Holders of Floating Rate Notes of the above issue are hereby notified that for the Interest Period from 13th August, 1986 to 13th February, 1987 the following information is relevant:

1. Rate of Interest: 611/6% per annum 2. Interest Amount payable on Interest

Payment Date: US\$ 341.81 per US\$ 10,000.00 nominal or per US\$ 250,000.00 nominal

Payment Date: 13th Fehruary, 1987

#### U.S.\$ 100,000,000 Merrill Lynch Overseas Capital N.V. (Incorporated with limited liability in the Netherlands Anolles)

Bank of America International Limited

Guaranteed Floating Rate Notes due 1987 Unconditionally Guaranteed by

Merrill Lynch & Co., Inc. In accordance with the terms and conditions of the above-mentioned maccorgance with the terms and continuous of the above-mentioned Notes and Fiscal Agency Agreement dated as of April 15, 1981, between Merrill Lynch Overseas Capital N.V., Merrill Lynch & Co., Inc., and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 6%% p.a. and that the interest payable on the relevant Interest Payment Date, November 13, 1986, against Coupon No. 22 in respect of U.S.\$5,000 nominal ni the Notes, will be U.S.\$83-85.

IFSAT/86

OUTSTANDING OPPORTUNITIES FOR

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August 13, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

NOTICE OF CALL AND REDEMPTION To the Holders of The Bank of Tokyo, Ltd., Portland Branch

US\$10,000,000 Callable Negotiable Floating Rate Certificates of Deposit due August 28, 1987 (the "Certificates")

Notice is hereby given that, pursuant to the provisions of the Certificates. The Bank of Tokyo, Ltd., Portland Branch ("the Bank") will prepay the outstanding principal amount of the Certificates identified below in full on August 29, 1986, the next Interest Payment Data, together with the interest accrued to that date. Payment will be made against presentation and surrender of said Certificates at The Bank of Tokyo Trust Company at 100 Broadway, New York, NY 10005. The Certificates being called are as follows:

Issue Date August 26, 1982

Total Number of Certificates Redeemed 10 (Nos PT 4970-PT 4979) The Bank of Tokyo, Ltd., Portland Branch, 411 SW 8th, Portland, Oregon, 97204

Principal Amount of Certificates \$1,000,000

Aggregate Principal Amount \$10,000,000

RELATIONSHIPS IN 1986
AND THROUGH 1987
Third Annual International Eablition
Financial Times Conference and Seminars
21st. 22nd & 23nd October 1986
AT THE BARBICAN
INTERNATIONAL INTERNA

Guaranteed as to payment of principal and interest by The Sumitomo Trust and Banking Company, Limited

> 61/2% per annum Interest Rate Interest Pariod 13th August 1986

13th February 1987 Interest Amount per U.S. \$10,000 Nate due

U.S. \$100,000,000

The Sumitomo Trust Finance (H.K.) Limited

Guaranteed Floating Rate Notes Due 1994

13th Fehruary 1987 Credit Suisse First Boston Limited

Agent Bank NOTICE OF PREPAYMENT

#### The Mitsubishi Trust and **Banking Corporation**

(Incorporated with limited liability in Japan)

U.S.\$20,000,000

Floating Rate Certificate of Deposit

Issued on 12 October 1983 Maturity 15 October 1987. Callable in October 1986

Notice is hereby given in accordance with Clause 8 of the Certificates of Deposit (the "Certificates") that pursuant to Clause 3 of the Certificates The Mitsubishl Trust and Banking Corporation (the "Bank") will prepay all the outstanding Certificates on 15 October 1985 (the "Prepayment Date") at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of The Mitsubishi Trust and Banking Corporation, 8-13 King Wittiams Street, London EC4N 7BQ. Interest will cease to accrue on the Certificates on the Prepayment

ADVANCE REDEMPTION NOTICE TO ALL HOLDERS OF Kuwaiti Dinars 6,000,000

By: Swiss Bank Corporation, International Limited Agent Bank

EUROFIMA (European Company for the Financing of Railway Rolling Stock)

11% Bonds due 1989

In accordance with Clause 5(B) of the description of the Bonds in the placing Memorandum dated 17th Sepember 1981, the borrower has given notice to redeen the whole Issue as on 30th September 1986 at 101.25% with accrued interest to the date of redemption and interest will cease to accrue on the bond as from the aforementioned date. The holders of the bonds shall deposit their bonds with all unmatured coupons with the Fiscal Agent or any of the Paying Agents from whom payment is required.

CONTACT
FISCAL AND PRINCIPAL PAYING AGENT Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) P.O. Box 5865, Safat 13067, Kuwait

PAYING AGENTS Kuwait Investment Company (SAK)
PO. Box 1005, Sefat 19011, Kuwait
43 Boulevard Royal, Lucer Morgan Guaranty Trust Company of New York 35 Avenue Des Arts 1040 Brussels, Belgium

4

الشركذالكوست للبتامة والمقاولات والاستثارات الخارجيت واك Kuwait Foreign Trading Contracting & Investment Co. [S.A.K] NOTICE OF PREPAYMENT



#### The Mitsubishi Trust and **Banking Corporation**

US\$20,000,000

Callable Negotiable Floating Rate Dollar Certificates of Deposit

No. 000001 to 000020 issued on 15th September, 1983
Marurity Date 18th September, 1987 Optionally Callable in September, 1986
Notice is hereby given that in accordance with Clause 3 of the
Certificates of Deposit (the "Certificates") The Mitsubishi Trust
and Banking Corporation will prepay all outstanding Certificates on
18th September, 1986 (the "Prepayment Date") at their principal

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of The Mitsubishi Trust and Banking Corporation, 33 Lombard Street, London EC3V 9AJ.

Interest will cease to accrue on the Certificates on the Prepayment

Morgan Grenfell & Co. Limited Agent Bank

13th August, 1986



Santa Barbara Savings

and Loan Association

(Incorporated under the laws of the State of California) U.S. \$100,000,000 Collateralized Floating Rate Notes Due 1996

Notice is hereby given that the Rate of Interest has been fixed at 61/2% p.a. and that the interest payable on the relevant interest Payment Date, November 13, 1986 against Coupon No. 1 in respect of U.S.\$1,661-11.

August 13, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCE

Wells Fargo & Company

U.S. \$250,000,000

Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 13th August, 1986 to 13th November, 1986 to November, 20 Interest the Notes will carry an Interest Interest payable on the relevant interest payment date 13th November, 1986 will amount to US\$167-71 per US\$10,000 Note.

In accordance with the

Agent Bank: Morgan Guaranty Trust Company of New York London

ELECTRICITY GENERATING AUTHORITY OF THAILAND U.S.\$60,000,000

Guaranteed Floating Rate Notes due 1988/1991 Unconditionally guaranteed as to payment of principal and interest

The Ministry of Finance of THE KINGDOM OF THAILAND In accordancee with the provisions of the Notes notice is hereby given that the rate of interest for the period 13th August 1986 to 13th Fabruary 1987 has been fixed at 61 per cent per annum. On the 13th February, 1987 interest of US\$8.465.28 per US\$250,000 nominal amount of the Notes

will be payable against Coupor No. 7. Agent Bank Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI

LIMITED

1121

**UKPI** 

in GT

sells stake

United Kingdom Provident Institution (UKPI), the troubled mutual life com-pany, has sold its 6 per cent

# Unilever's rise continues into second quarter

Unilever, the Anglo-Dutch half will be maintained over tea. Improved results in Gerconsumer products group, made the remaining two quarters."

Results could be affected by first half of 1986—well above exchange rate movements, be

tea. Improved results in Germany were particularly encouraging."

Operating profits in North

up on last time. The company's figures for the second quarter of the year were reported yesterday, showing that the good first three months carried through to the second. Profits rose 24 per cent to £295m, even after allowing for the restrictions in the restrictions. provisions in the restructured UK meat business, which could have taken as much as £20m. Analysts had foregast a maximum of £280m profit before

The London listed shares— the stock is also quoted in the Netherlands—rose a ½ to £18 on the results, which followed a series of disappointing figures from several major UK com-

panies.
Mr Michael Angus, the new chairman, said that results improved in most of the group's countries of operation, and be was increasingly confident about 1986 as a whole. He sounded a more cantious note, however, by edding that it was

Samuelson

warns on

Results could be affected by aging."

Results could be affected by aging. Oper said, especially when expressed in guilders. Mr Angus pointed with a oot that at June end exchange rates the rate of increase in attributable profits was 26 per cent in sterling, 34 per cent in US dollars, but only 19 per cent in guiders.

cent in guilders. Second quarter group sales slipped from £4.17bn to £4.09bn slipped from £4.17bn to £4.09bn on comparable exchange rates, reducing total half year sales from £8.49bn to £7.86bo. Turnover in Europe was down on tha balf, from £5.55bn to £4.77bn, but rose in North America (from £1.39bn to £1.41bn) and in the rest of the world (from £1.56bn to £1.68bn).

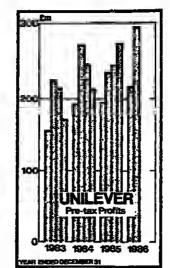
Second quarter operating pro-fits rose by 24 per cent to £297m, lifting the interim total to £505m (£444m).

Europe was still the largest profit earner, making £293m against £269m in the half year. Mr Angus said that European operating profits were 11 per cent ahead in the second quar-ter. "There were gains in most "unlikely that the rate of pro-fit improvement in the first tributions from ice cream and

Operating profits in North America rose by £24m to £28m, with all major businesses con-tributing to the increase, Lever Brothers again achieved sub-stantial volume growth, and made several significant im-provements in its market position, said the chairman.

In the rest of the world profits rose by 8 per cent to £184m. Mr Angus said that the consumer products businesses grew strongly in both sales and profits in nearly all areas. The second quarter took in a full contribution from the food businesses recently acquired in Brazil and Mexico. Results from the plantations businesses were depressed by lower tax and depressed by lower tea and palm oil prices.

The total group turnover and profit figures for the first half of 1985 take in £288m and £17m respectively from Brooke Bond, acquired in 1984. This relates to Brooke Bond's figures for the last quarter of 1984, and the profit was after deduction of finance costs associated with the purchase.



Associates added more to the half year profit at £30m (£26m), but income from other fixed investments fell from £14m to investments fell from £14m to £6m. Net interest charges fell from £51m to £28m.

After a midway tax charge of £219m (£188m) and minorities of £18m (£23m), attributable profits totalled £277m (£219m), or £278m on translation at early live 1992 prices.

tion at end-June 1986 rates. Combined earnings per share rose 26 per cent in the second quarter to 41.5p, lifting the half way figure by 25 per cent to 73.02p (58.47p).

# Woodhouse beats oil setback

first half Samuelson Gronp yesterday warned that the current half year would not match expecta-tions doe to problems in the UK film division and in Australia, where revenue has been hit by currency move-

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and toughness at room temperature with good retention of these properties up to 900°C; A recent development is fully stabilised zirconia

with even greater strength and temperature

Typical applications are to be found in metal

reciprocating and rotary engines.

extrusion and welding, and potentially in the

aerospace industry and in automotive valves for

power stations, for piston rings and vanes in

wear and chemical resistance. Typical applications

The warning hit Samnelson's shares, which fell 40p to 180p after the announcement.

However, Mr Sidney Samuelson, the chairman, addressing the annual meeting said that he considered the setback as short-term, adding that it had short-term, adding that it had not dampened his confidence.
The UK film side, be said, had suffered from the downturn in feature film production which had lasted longer and been more severe than had originally been anticipated.

The depreciation of the Australian dollar had affected revenue in two ways, said Mr Samuelson. Firstly, on translation into sterling and US dollars, and secondly it had reduced the number of performers going to Australia.

master, announced an 18 per cent increase in pre-tax profits to £628,000 against £532,00 for the half year to June 30 1986, despite suffering a downturn in activity from its oll-related

In the last few years Woodhouse has emerged as one of the recovery stocks of the engineer-ing sector. It plunged into losses in 1983, but having dis-posed of its loss-making activities and cut costs in remaining divisions, it has

returned to profit.

During the balf year turnover rose by 5 per cent to
£5.75m (£5.49m) while trading
profits grew by 11 per cent to
£635,000 (£573,000), there was a
cut in the interest charge from cut in the interest charge from £41,000 to £7,000 as the company eliminated borrowings in the course of the half year.

Woodhouse & Rixson (Hold- Christopher Cotton, its former Nonetheless aerospace ings), the Sheffield-based forge- company secretary, who nuclear engineering company secretary. resigned in May.

According to Mr Jock Sutherland, chairman, although oil-related activities suffered due to the downturn in the North Sea and US oil industries, the company gleaned growth from sales to the aerospace and nuclear engineering industries.

Woodhouse has expanded its range of forging work with the installation of a new 800-tonne forging press at its Niagara Works, Plans to enlarge the Bassemer Road premises have suffered a setback, however, because of a delay in obtaining planning permission. comment

Having withstood a downturn

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from a key area of activity Woodhouse & Rixson has proved that it has returned to a firmer footing. At its peak Earnings per share increased to the oil industry accounted for 3.9p (3.6p) and the interim 20 per cent of sales, in the dividend to 1.35p (1.0p).

The company made a compensation payment of £31,000 to Mr £70,000 from pre-fax profits.

SINDANYO fibre reinforced cement engineering

board withstands temperatures of up to 900°C. It is

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Applications include components for aero and

are under development combining new high

demands of high technology industries.

automotive engines.

with good thermal stability up to 1000°C. Applications are found in metal and glass

transmission systems.

transportation of molten metals and glass and in

nuclear engineering have emerged as growth markets, offering more generous margins than energy, and the company has detected a slight improvement in demand from the oil sector in the second half. The City expects continued growth in profits to £1.4m for the full in profits to £1.4m for the full year, producing a prospective p/e of 8 on yesterday's share price which shed 1p to 69p. Having eradicated borrowings Woodhouse is now in a position to diversify again and has signalled its intention to find small the state of the st targets in related areas, although it looks more like bid target than a bidder.

Asda superstore ASDA Superstores has won

to open by Christmas 1987, will have 44,250 sq ft selling area.

#### planning consent for an 85,000 sq ft superstore on the outskirts Brighton. The superstore, scheduled

## Bestwood boosted by

Profit before tax in the six months to June 30 came to £707,000, against a comparable £121,900. This is more than the £683,000 made in the last full year, and takes in the results from some of Bestwood's recent clutch of accurisitions.

The interim accounts do not include costs of the recent failed bid for Country Gentlemen's Association.

time contribution from the property services companies bought last February, which added £1.36m to turnover, and £34,000 to profits. There was also a good performance from financial services, which made profits of £305,000 (£40,000) on turnover of £916,000 (£462,000).

After a tax charge of

After a tax charge of 2276,006 (£56,006) et/nings per share came to 9.2p, up from 2.6p. There is, as usual, no interim dividend.

# Acquisition helps Firth expand profit to £2.5m

**Management** 

pany, has sold its 6 per cent stake in GT Management, the fund management group which is attempting to rally support for Berry Trust against a hostile £55m take-over bid from Ensign Trust. The sale of the 6 per cent GT stake—worth about £5.8m at the prevailing market price was made on Monday, the same day that UKPI disclosed it had sold its entire 28.9 per cent holding in Berry.

The GT share sale was not revealed until yesterday, how-The GT share sale was not revealed until yesterday, however, when GT said it had taken place.

The disposal of the GT shares—by brokers Cazenove to a group of institutions—removes a further uncertainty

over the fate of Berry and of

lems earlier this year with some of its unquoted investments, was known to be a likely seller of its Berry and GT stakes and the two companies were concerned they might fall into Ensign's

hands.
As it is, if Ensign succeeds in winning control of Berry it would gain control of Berry's 11.7 per cent stake in GT.
The close links between Berry and GT date back to the launch of GT as a private ford.

fund management group in 1969. Berry backed the new company financially and held a 28 per cent stake until GT obtained a stock market list-ing last month, when its hold-ing was reduced to 11.7 per

Mr Mark St Glles, joint managing director of GT, said be was concerned at the build-up of influence by Ensign over the financial

Growth Trust, was acquired by the Merchant Navy Officers Pension fund last year though 20 per cent of its shares remain in the hands of minority share-

"It is unusual for a per sion fund — using money which benefits from tax privileges—to have such power," said Mr St Glies.

Ensign has large stakes in several large financial services groups.

# acquisitions

Bestwood, the fast growing investment and property services group headed by Mr Tony Cole, yesterday announced a sharp rise in profits for the first half of 1986, and the company's shares responded with a 23p jump to 608p.

Gentlemen's Association.

Turnover rose dramatically from £1.25m to £8.66m, with the main jump coming in the industrial division (up from £789,000 to £6.28m) expanded by the purchase of Foraky—now British Drilling and Freezing — last November. This made trading profits of £435,000 (£58,000).

The results includes a first time contribution from the

THE ENLARGED and diversified G. M. Firth (Holdings) group produced a turnover of £50m and a pre-tax profit of £2.48m in the year ended March 31 1986.

Earnings per 10p share reached 4.38p and the finel dividend is 0.55p for a net total of 1p, against 0.4p.

The group operates as steel stockholders and merchants,

The group operates as steel stockhoiders and merchants, property developers, furnishing and flooring contractors, and engineers to the food and drink industries.

The latter activities are carried on by Porter Chadburn, the results of which are included for the first time by There was an extraordinary.

engineers to the food and drink industries.

The latter activities are carried on by Porter Chadburn, the results of which are incloded for the first time by virtue of the fact that Firth lifted its interest in that company to more than 50 per cent during the year. Porter accounted for £19.4m of turnover and £506,000 of profit.

Mr Ian Wasserman said the momentum of incressed profitability at Porter had been slower than envisaged and the position bad been exacerbated by the severe end sudden down-

by the severe end sudden down-turn in the oil market.

However, he remained confidant that Porter could look profits in excess of £1m before forward to an expansive future but ex-Slater Walker aide Ian

owned Porter Chadburn produced just over £jm (altho the minority had to be paid out of this) and most of the out of this) and must of the extraordinary costs. Old Firth realised some £150,000 in cash from property disposals and a profit on its stake in Arien. profit on its stake in Arlen. Mr Wasserman's aversion to issuing shares is well known so the £2m a year cash flow out of the expanded Firth sets its own limits on acquisitions. Last year £2.5m was spent on purchases and this year the figure looks likely to be much the same. With the tax charge coming down to the standard rate, £3.7m pre-tax would produce strong earnings growth. The shares at 74p trade on a prospective multiple of 11 which still leaves some head room.

# Davies & Metcalfe in the red

the corresponding period lest and compared with a value of year, the group reported pre-tax profits of £255,902.

Moreover, there were en-

The directors reported yester-day, that the group had entered profitzhility in April 1986 and that trend was expected to

continue.

They said the development in,

**Meat Trade** downturn Meat Trade Suppliers suffered

decline in pre-tax profit from £285,000 to £273,000 in the 53 weeks eoded April 5, 1986. Turnover fell to £7.41m (£8m). Earnings per share fell from 7.69p to 7.09p. The final dividend is 3.55p for a net total of 5.3p, against 5.25p; this absorbed £139,000 (£138,000). Tax for the period was £87,000 (£83,000) and included £5,400 to deferred account (£12,000 from same) and £94 for undergrouping of agricultures.

(£26,000 released).

AFTER plunging into the red and extensions to the group's at the end of 1985 with losses of product range had enabled it to take advantage of the strong growth in the international rail-way market. All divisions had further losses of £232,998 in the six months to June 30 1986. In the corresponding period lest and compared with a value of orders. Moreover, there were en-couraging prospects for new orders from both home and

As a measure of the director's confidence in the future of No tax was payable against the group, they proposed £127,951 last time.

anticipated loss resulting from unfavourable exchange rates between the Australian dollar and sterling. External sales and other income was down from £5.56m

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#### **DIVIDENDS ANNOUNCED**

Curre	nt of	sponding		Total last
· paym	ent payme	nt div.	Acut	year
	nil -	- 0.25	nil	0.2511
Capital & Countles int	3 Oct	1 22	-	4.51
Watthew Clark	5 Oct		8	7*
	.63 Oct			2.21
	.55 Oct		1	0.4
	.55 -	3.5	5.3	5.25
	.65 Oct		-	4.25
		10 . 1.051		1.051
Restmor Group 3	75 Oct		4.5	4
rech Comp. Indsint \$				nil
Unidare				10
Woodhouse Rixson int -1.				2.5
Dividends shown in pe				
tated. Equivalent after	allowing 4	or series to	ena +1	In confe

increased by rights and/or acquisition issues, # USM stock. currency. †† For 16-month period.



#### STEAD & SIMPSON plc FOOTWEAR RETAILERS AND MOTOR DEALERS

Creditable Result

Salient points from the statement by the Chairman, Mr. W.R.F. Chamberlain for fist March, 1986.

	The	year to
£000's Turnover	1985/86	1984/85
Footwear retailing	39,234	37.256
Motor trading	23,605	20.913
Party plan	905	676
	63,744	58,845
PROFIT BEFORE TAX		
Footwear retailing	4,457	4,649
Motor trading	812	681
Party plan (loss)	(106)	(104)
	5,163	5,226
PROFIT AFTER TAX Extraordinary Items - Propert	3,060	2.888
Profits	1,665	1,252
Ordinary and 'A'		
Ordinary Dividends Earnings per share	3.55p	3.30p*
after tex	5.3tp	5.01p*
-4		p

In a year of extremely adverse trading conditions, it is most creditable that the results have been almost held at

last year's record level.

 Footwear turnover increased by 5.3%.
 16 new branches were opened. 7 relocated to better positions and 18 refurbished, 8 branches were closed; we have plans to open 6 and

Due to appalling weather, footwear trading for the first 11 weeks has shown title change compared with

Motor dealerships continued to prosper and profits improved by 19.2%; there has been an increase in turnover of 20% in the first 11 weeks of the current year.

\* Our freehold and long leasehold properties have been revalued as at the 31st March, 1986 giving e surplus of £13,844,000 over the previous

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

ELECTRIC AND GENERAL INVESTMENT COMPANY PLC (Registered in England No. 31506C) Placing by Cazenove & Co. of £7,000,000 10% per cent. Debenture Stock 2011

at £99.160 per cent., payable in full oo acceptance Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of the Stock Exchange £700,000 nominal of the Stock is available in the Market on the date of publication of this advertisement.

Listing Particulars relating to the Stock have been circulated in the Extel Statistical Services and copies may be obtained during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 27th August,

CAZENOVE & Co., 12 Tokenhouse Yard, London, EC2R 7AN,

ELECTRIC AND GENERAL INVESTMENT COMPANY PLC, 26 Finsbury Square, London, ECZA 1DA. and, for collection only, up to and including 15th August,

The Company Announcements Office, The Stock Exchange, Londoo, EC2P 2BT

U.S. \$300,000,000



#### The Kingdom of Belgium Undated Floating Rate Notes

(U.S. \$288,500,000 to remain undated and U.S. \$11,500,000 converted to 4 year Notes maturing in August 1990) In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 13th August, 1986 to 13th February, 1987 on the undated and converted Notes will carry an Interest Rate of 611/1a% and 6%% respectively per annum. Interest payable on 13th February, 1987 will ernount to U.S.\$8,545-14 and U.S.\$8,145-83 per U.S. \$250,000 on the undated and converted Notes respectively.

Agent Bank: Morgan Guaranty Trust Company of New York HILSHI!

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### **UK COMPANY NEWS**

# Sears makes £3.3m agreed bid for Blacks

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Sears. Britain's biggest under the Greenfields name, totalled £4.1m (£3.98m), retailer in terms of outlets. Mr Roland Denning, a Sears turnover of £9.2m (£22.5m). yesterday announced an agreed director, said Blacks would Net assets at the year c. £3.5m cash takeover bid for complement the Millets outlets, showed e £0.6m doficiency at the fillets outlets. Elacks Leisure, the troubled since it offered a more upcamping equipment and leisure, wear shopping chain. At the same time blacks unvalled a pre-tax loss of £1.6m in year chain of shops, to be called to March 1986 compared with Tracker, and Blacks would fit £4.8m last time.

Blacks said its financial position was an difficult that it a dramatic slump in fortunes.

Blacks said its financial position was so difficult that it believed it would not be able to continue trading if the Sears with Greenfields Leisure, when bid did not succeed and there was no other offer,

Sears already owns 186 camping and leisurewear outiers ston. All but four of the 68 through Milletts Leisure Shops, cought this summer in an send and a separate Millets chain acquired last year as part of its takeover of Foster Brothers. Blacks has group's name and four trading war to March, its retained loss trading losses and its inability to secure a variation in the to secure a variation in the to secure a variation in the wake of the 1984 hereger terms of its overdraft facilities with Greenfields Leisure, when serious trading, administrative and cash flow problems tion on the group's ability to trading to secure a variation in the wake of the 1984 hereger terms of its overdraft facilities with Greenfields Leisure, when serious trading, administrative and cash flow problems to secure a variation in the offerwise fit of secure a variation in the secure a variation in the operation of its overdraft facilities with Greenfields Leisure, when serious trading, administrative and cash flow problems to secure a variation in the operation of its overdraft facilities.

The offer which has received irrevocable acceptances covering 30.4 per cent of ordinary shares is 3.6p in cash for each ordinary share and 150p in cash for each preference share.

Placks sald its oblicts of two the wake of the 1984 herger terms of its overdraft facilities with Greenfields Leisure, when with its principal clearing bank-serious department of the 68 through Milletts Leisures Shops, Greenfields stores have since the offer which has received irrevocable acceptances covering 30.4 per cent of ordinary shares is 3.6p in cash for each provision of 150 provisions of 1

Net assets at the year end showed e £0.6m deficiency and net bank borrowing totalled

Its cash flow problems meant that the internal financial targets set at the time of last September's £3.8m rights issue had not been met. Continuing trading losses and its inability

# THF acts on Savoy nominees

Trusthouse Forte, the hotels and catering chain which has been pursuing the Savoy Hotel group for the past six years, has begun a legal action aimed at uncovering the identity of some of Savoy's nominee share-

**METALS** and

**METAL TRADING** 

The Financial Times is proposing to publish a Survey on Metals and Metal Trading

on Tuesday October 7, 1986

For further information, please contact:

COLIN TENNANT

Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Tel: 01-248 8000 Telex: 885033

NOTICE OF REDEMPTION

Niagara Mohawk Finance N.V.

17% Guaranteed Notes Due 1989

served but declined to comment.
THF first asked for details of the nominees in advance of Savoy's annual meeting in May under Section 212 of the Companies Act, but Savoy refused to provide it.

of Savoy's nominee share-holders.

Mr Donald Durban, deputy chief executive of THF, said the company had served a summons on Savoy to identify the nominees and discover the extent to which they might be acting in concert. Mr Martin Radcliffe, Savoy legal director, confirmed a summons had been

THF originally launched a takeover bid for Savoy in 1981 but was rebuffed. It has built up a 69 per cent stake in the hotel group over the past few years but Savoy's split voting very structure means THF has only 42.3 per cent of the votes. It is limited to buying only a further 2 per cent a year in the market. This is the second time that

the THF bid has involved legal action. In April 1981 THF applied to the High Court for an order convening special meetings of the two classes of Savoy shareholders in an attempt to get round the split voting structure. It was un-successful.

The latest round in the hattle for control of the Savoy comos just three months after THF attempted to block a move by Savoy to obtain permission to issue £500,000 worth of new shares. THF said the new shares would reduce its paties of the her could reduce its voting stake by

#### **SW Farmer** share deals suspended

By Philip Coggan

Share dealings in the SW Farmer Group wore suspended yesterday at the company's request, pending an announcement about its future which will be made by the end of the

week.
On Monday, the shares fell
15p to 24p, wiping nearly 40
per cent off the market
capitalisation.
The engineering group had
faced severe problems over the
last two years. with losses
reaching £1.25m in 1985.

In January this year Mr John Briggs, an experienced "company doctor," joined the board and was sppointed chairman in March. He replaced Mr Brian Farmer, part of the family interest which still retains 15 per cent of the

Further board changes followed and Mr Hugh Gibson was appointed chief executivo

The new management has already taken steps to rationalise the group and has liquidated one subsidiary, the engineering company Farmer Roper, which represented Roper, which represented around 15 per cent of the group's turnover.

Speculation about a bid attempt surfaced in March, when an unquoted company, RCR International, built up s 26 per cent stake in the group. RCR is believed to have

interests in aviation, car leasing and engineering Directors of RCR were unevallable for comment yesterday. A Financial Times Survey SCOTLAND The Fhancial Times propose to publish a survey on the above on:

Notice is hereby given pursuant to Section 3.07 of the Indenture dated as of September I, 1861 between Ningara Mohawk Finance N.V. and Credit Lyomasia, as Guarantez, and Mommachurer Hancer Trust Company, as Tuestee, that all of the outstanding 17% Guaranteed Notes Due 1888 of Ningara Mohawk Finance N.V. (the "Notes") have been called for redemption on September 16, 1886 (the "Redemption Date N.V. (the "Notes") have been called for redemption on September 16, 1886 (the "Redemption Date N.V. (the "Indenture to the Redemption Date will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private dotts. Payment will be made by a check drawn on Manufacturers Hancer Timet Company in New York City.

The Redemption Price of \$1,020 per \$1,000 Note shall become due and payable upon arrender of the Notes (a) at the Corporate Trust Office of Manufacturers Hancer Trust Company, either at 130 John Street, Street Level, New York, New York 1015, if by mail or (b) subject to any laws or regulations applicable thereto in the country of any of the following offices: at the main offices of Manufacturers Hancer Trust Company, either at the main offices of Manufacturer Hancer Trust Company of the following offices: at the main offices of Manufacturer Hancer Trust Company in London, Frankfact Main and Zurich, of Banque Beuerlie Lumber in Brussels, of Banque Nationale de Puris in Paria, and of Benque Generale de Lumanbourg S.A. in Luxambourg. Notes surrendered for retamption should have attached all manusched compans appartenant thereto. Compons the September 16, 1986, should be detached and collected in the usual manuar. From and after September 16, 1986, interest hall cause to accure on the Notes.

Withholding of 20% of gross resignation proceeds of my navanget male within the 1 livited. ding of 20% of gross redsuption proceeds of any payment made within the United equired by the Innecest and Dividend Tax Compliance Act of 1983 unless the cent has the convect taxpayer identification number (social security or employer too member) or exemption certificate of the payes. In order to avoid the imposition withholding tax please furnish a property completed Form W-9 or exemption (Form W-9) or equivalent when presenting your securities. Non-residued tilens are by subject to the withholding requirement; Form W-8 may be used to certify one's or also needs to the withholding requirement; Form W-8 may be used to certify one's TUESDAY
DECEMBER 2 1986
For further information Kenneth Swan Financial Times 37 George Street Edinburgh EH2 ZHN Telephone: 021-226 4139 FINANCIAL TIMES

Dated: August 13, 1986



W.H.SMITH & SON (HOLDINGS) PLC

£25,000,000

Sterling Commercial Paper Programme

Baring Brothers & Co., Limited



1,251-1,257 (+8) Based on FT Index Tel: 01-427 4411

### Martin Ford pays £1m for Barrie Menswear

By Philip Coggan

Martin Ford, the clothing retail chain which recently underwent a change of management, yesterday an-nounced the purchase of retailer Barrie Menswear (London) for El.lm. At the same time, the company revealed interim figures for the 26 weeks to June 1, 1986 which showed a pre-tax loss on ordinary activities of £1.14m.

El.14m.

Barrie Menswear made pretax profits of £167,000 in the
year to March 21. 1986 selling
clothes from 16 stores in
London's West End and the
South of England. After
revaluing the properties, the
net assets being acquired are
worth over £1.4m. Consideration will be in the form of
£846.000 in cash, and the £846,000 in cash, and the issue of 493,571 shares at 70p

each.
In June, Iridium Investments, 2 consortium of
businessmen, bought 32 per
cent of Ford's equity for
£2.5m from the old family interests and acquired management control. It was widely believed that the consortium was attracted by

Ford's property portfelie.
Yesterday, the company announced that it had exchanged contracts with Interland Estates, a wholly-owned subsidiary of tha Heron Corporation, to sell 14 properties for £7.62m, with loaseback agreements on eight.

eight. Ford's new trading strategy will be to revamp the existing shops with the aim of appealing to 16-30 year-old women. A new shop design and layout will be resdy in November. Chairman Mr Ronald Aithen said yesterday that the board intends to open individual units in specific target areas and 10 specific target areas and to acquire trading concerns when the opportunities present themselves.

The interim figures showed an operating loss of £1.14m on turnover of £3.01m. With on turnover of 13.11m. Who a tax credit of £66,972, the aftertax loss was £1.68m. There were extraordinary costs of £312,122 relating to compensation payments, re-

the takeover.
No dividend will be paid and the loss per share was

6.89p.
The chairman stated that the losses were in excess of the indications received prior to the offer, and the board has begun an investigation to find out why.
The shares closed up 2p at 66n. 66p.

# A FINANCIAL TIMES INTERNATIONAL CONFERENCE

- Prices, Investment and the Business Outlook Hong Kong 25 & 26 September 1986

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For information please return this advertisement, together with your business card, to: Financial Times Conference Organisation Minster House, Arthur Screet, London EC4R 9AX

Alternatively, telephone 01-621 1355 or telex 27347 FTCONF G fax 01-623 8814

A Financial Times Survey REGIONAL DEVELOPMENT The Financial Times propose to publish a survey on the

Thursday November 27 1986 For further details, contact: ANDREW WOOD on 01-248 5116 FINANCIAL TIMES

Europe's Business Newspaper

A Financial Times Survey ISLE OF WIGHT The Financial Times propose to publish a Survey on the above on Friday September 12 1986 For further details, contact: ANDREW WOOD on

01-248 5116 FINANCIAL TIMES Europe's Business Newspaper

LADBROKE INDEX

# Whitecroft's final offer gets thumbs down from Eleco

Elece Holdings yesterday rejected a final offer from Whitecraft which values the Essexbased construction, property and electrical engineering company at £25.7m on the bidder's closing share price last night

On behalf of the Cheshire managing director and the son based Whitecroft, Mr Tony of Eleco's chairman, accepted Rippon said that the raised that the company's shares had offer—the initial bid valued underperformed in the past.

Eleco at £25m—was generous "But this was only because and now backed by a cash alternative of 142.5p.

The terms of yesterday'e final offer are seven new Whitecroft shares for svery 10 of Eleco. On last night's closing price for the hidder the offer values. Eleco at 156.8p a share which compares with a close of 146p, up 110.

If successful the increased offer would allow accepting shareholders to retain the final dividend from Eleco which was announced as 3.1p. Whitecroft

announced as 3.1p. Whitecroft is forecasting a total dividend of not less than 10p on the expanded capital but has made no profit forecast.

Mini-conglomerato Whitecroft is claiming that a successful bid would enable Eleco shareholders to receive three dividend payments in the current year.

The bidder's dividend fore cast makes the switch into Whitecroft worth 27 per cent more in payout terms than the target's forecast of 5.5p for the

year to June 1987.

Eleco has also announced that pre-tax profits for the current year will show a "good increase" over last year's £2.7m.

Commenting on this offer, Mr Michael Webster, of Eleco, said that it "blatantly undervalued the company" and that the present management was better

equipped to produce increases in earnings than Whitecroft's. Mr Webster, a divisional

we concentrated on getting on with running our business and did not communicate with the

City, something we now intend to put right," ho said.

Both companies and their advisers — Warburg for Eleco and Schroders for Whitecroft say that they bave heard of no approaches by third parties and that no moetings have been held between the two sides to get an agreed merger.

The closing date for the final offer, harring any other bids, is set as August 29.

The Financial Times intends to publish a Survey on COMPUTER SERVICES AND SOFTWARE

Monday September 22 1986

For further information on advertising in this Survey please contact MEYRICK SIMMONDS 01-242 8000 Ext 4540

## GRANVILLE

div. (p) % Actual taxed Price Change -20 + 1

### U.S. \$50,000,000 CAISSE CENTRALE DE **COOPERATION ECONOMIQUE**

Floating rate notes due 1998 Unconditionally guaranteed by the Republic of France

In accordance with the conditions of the Notes, notice is hereby given that for the six-month period 13th August 1986 to 13th February 1987 (184 days) the Notes will carry an interest rate of 611% p.a. Relevant interest payments will be as follows:

Notes of US\$1,000 US\$34.18 per coupon CREDIT LYONNAIS (London Branch)
Agent Bank

# Unilever Results

The Directors of Unitever amounce the unaudited results for the second quarter and first half-year of 1986. With regard to the activities and results during the first quarter they refer to the announcement of 12th May, 1986.

Second	Quarter			Helf	-Year	
1986	1985	(Decrease)		1996	1985	Increase/ (Decrease
4,087	4,165	(2)%	TURNOVER	7,861	8,494	(7)%
297	240	24%	OPERATING PROFIT	505	444	14%
13	16		Share of associated companies' profit before taxation	30	26	
4	2		Other income from fixed investments	6	14	
37	26		Other Interest receivable and similar income	72	50	
(56)	(47)		Interest payable and similar charges	(100)	(101)	_
295	237	24%	PROFIT BEFORE TAXATION	513	433	16%
(127)	(96)		Texation on profit of the year	(219)	(188)	
(1)	(3)		Taxation edjustments previous years	1	(3)	
(9)	(15)	_	Outside interests	(18)	(23)	_
158	123	28%	Profit attributable to shareholders Difference on translation of 1986 results at end June	277	219	26%
(3)			1966 rates of exchange	(4)		_
155	123	26%	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	273	219	25%
41.50p	32.87p	26%	Combined earnings per share - per 25p of ordinary capital	73.02p	58.47p	25%

COMMENT ON SECOND QUARTER RESURTS

At comparable rates of exchange, earnings per share were 28% up on the relatively weak equivalent quarter of last year. Results improved in most of the countries in which we operate end thus we ere increasingly confident about 1986 as e whole. We still feel it unlikely that the rate of profit improvement achieved in the first helf year will be maintained over the remaining two quarters.

Moreover, our results in future quarters could, at closing rates, be edversely affected by exchange rate movements, particularly when expressed in guilders.

Operating profit was up by 24%, because of e strong improvement in both underlying sales volume and mergins. Lower selling prices, and the disposal of e number of businesses, accounted for the decline in

In Europe operating profit was 11% above the second quarter of 1985. There were gains in most product groups, with major contributions from ice cream and tea. Improved results in Germany were particularly encouraging. Our UK meat business is being restructured and provision for the costs of this was made in the quarter.

In North America ell our major businesses contributed to the increase in profit. Lever Brothers again achieved substantial volume growth and ade several significant improvements in their market position.

Outside Europe and North America our consumer products business grew strongly in both sales and profits in nearly ell areas. The querter includes e full contribution from the food businesses recently acquired in Brazil and Mexico. Results from our plantation business were depressed by lower tea and palm oil prices.

At end June exchange rates the increase in profit attributable is 26% in sterling, 19% in guilders end 34% in dollars

SUPPLEMENTARY REGIONAL INFORMATION Half-Year 1986 1986 1985 2,423 2,665 Europe 5.547 North America 1,412 904 764 Rest of the World 1,679 1,556 4,165 4.087 As reported 7,861 8,494 Less Brooks Bond fourth quarter 1984 288 4.067 4,165 Adjusted 7,861 8,206 Operating Profit 157 Europe 269 North America 74 Rest of the World 184 171 297 As reported 444 Less Brooks Bond fourth quarter 1984 17 240 Adjusted 427 297

NOTES Exchange Rates
The results for the quorter and the half-year and the comparative

figures for 1985 have been translated at comparable rates of exchange. These are based on £1=£1.4.00=U.S. \$1.45, which were the closing rates of 1885. An exception has been made for the results which have arisen in hyper-inflationary economies, which for the current quarter and current half-year have been translated at forecast closing rates for 1996. The profit attributable to shereholders for the current quarter and current half-yeer has also been translated at the rates of exchange current at the end of June 1985 being based on £1=FL 3.79=U.S. \$1.53.



oles Bond Group pic The sales and operating profit of Brooke Bond for the fourth quarter 1984, were taken up in Uniterer's results for the first quarter 1985. These amounted to £298 million and £17 million respectively; the operating profit was after deduction finance costs incurred in 1864 by reason of the acqu

The results of the third quarter and announcement of interim

12th August, 1986

Unilever Quarterly Results are reprinted in leaflet form. If you wish to be included in the mailing list for these leaflets please write to: External Affairs Department, P.O. Box 68, Unitever House, London EC4P 480.

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GOLD FIELDS GROUP

VOGELSTRUISBULT METAL HOLDINGS LTD.

(Incorporated in the Republic of South Africa) (Registration No. 05/04346/06)

INTERIM REPORT

Year ended 31 Dec. 1985

2000

7.974 319

9,655 26

2,629

52 30 5.51**8** 1,7

31 Dec. 1985

R000

24,851 4,393

0.168

3,775

29,718

9,448

29,718

16,936

7,915

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REPENDING TO

77/70

18,393,600

R000

3,192 391

2,901

10 1,839 1,5

R000

24,102

4,352 2,788

26,570

26.570

16.044

**R000** 

4,043

31,127

2.448

31,127

49,324 32,388

16,936

7.248

Dividend—The final dividend No. 78 of 20 cents per share in respect of the year ended 31 December 1985, absorbing R3.678.720 was declared on 15 January 1986 and paid on 5 March 1986.

Notwithstanding pressure on profit margins in the export coal

trade and the drop in the tin price to uneconomic levels, earnings for the year should not be significantly lower than those for 1985. The dividend should therefore be maintained.

DECLARATION OF INTERIM DIVIDEND

Dividend No. 79 of 10 cents per share has been declared in South African currency, payable to members registered at the close of business on 29 August 1986,

Warrants will be posted on or about 30 September 1966, Standard conditions relating to the payment of dividends are obtain-able from the share transfer offices and the London Office of the

CONSOLIDATED INCOME

PROFIT BEFORE TAX .....

PROFIT AFTER TAX .....

Earnings per share—cents .....
Dividends—per share—cents ....
—absorbing—R000 ....
—cimes covered .....

CONSOLIDATED BALANCE

Net current assets .....

Share Capital .....

excess over book value...

Number of shares in Issue ... 18,393,400 18,393,600 Net assets (as valued) per share

Current assets ....... Less current liabilities

Listed-market value .....

REVENUE

Unaudited

#### The Gillette Company

4%% Convertible Debentures Due 1987

Convertible into Common Stock of

The Gillette Company Redemption Date: September 16, 1986 Conversion Right Expires: September 16, 1986

NOTICE IS HEREBY GIVEN to holders of the 44% Convertible Debeotures Due 1987 NOTICE IS HEREBY GIVEN to holders of the 44% Convertible Debeotures Due 1987 (the "Debentures") of The Gillette Company (the "Company") convertible into common stock of the Company that, pursuant to the provisions of the indenture dated as of December 2, 1972 (the "Indenture") between the Company and Morgan Guaranty Trust Company of New York as Trustee, the Company has elected to redeem all the outstanding Debentures oo September 16, 1986 (the "Redemption Date") at a redemption price of 100% of the principal amount thereof, together with accrued interest from December 1, 1985 to the Redemption Date in the amount of \$37.60 for each \$1,000 principal amount. Payment of the redemption price and accrued interest, which will aggregate \$1,037.60 for each \$1,000 principal amount of Debentures, will be made on or after the Redemption Date upon presentation and surrender of the Debentures together with all Coupons thereto appertaining maturing after the Redemptino Date at the offices of any one of the Paying and Conversioo Agents set forth below.

The Debentures will no longer be outstanding after the date fixed for redemption. The redemption price will become due and payable upon each Debenture on the Redemption Date and interest thereon shall cease to accrue oo and after the Redemption Date.

Holders of Debentures have the right, on or before the close of business on September 16, 1986, to convert the Debeotures into fully paid and consassessable shares of common stock of the Company (the "Common Stock").

Company (the "Common Stock").

The Debeotures may be converted at the principal amount or any portion thereof which is \$1,000 or a multiple thereof ioto Common Stock at the rate of 30.05 shares for each \$1,000 principal amount of Debentures. In order to exercise the cooveraion right, the holder of any Debenture(s) to be converted shall surrender such Debeoture(s), together with all unmatured Coupons and any Coupons in default appertaining thereto, to any one of the Paying and Conversioo Agents, accompanied by the CONVERSION NOTICE on the Debenture, or a similar notice, which has been completed and aigned. A holder who surrenders a Debenture for conversion will receive a certificate or certificates for the full oumber of whole shares of Common Stock to which such holder is cottiled. No fractional shares of Common Stock will be issued upon conversion of any Debeoture, but in lieu thereof the Company will pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the closing price per share of the Common Stock oo the New York Stock Exchange at the close of business of the day of conversioo. Debeoture(s), or portions thereof, shall be deemed to have been converted immediately prior to the close of business oo the date oo which such CONVERSION NOTICE or similar notice shall have been converted by the Paying and Cooversioo Agents and such Debenture(s), onately prior to the close of musiness of the date of which such Colv Entston NoTice of similar notice shall have been received by the Paying and Cooversion Agents and such Debenture(s), or portions thereof, shall have been surrendered as aforesaid, and at such time the rights of the holder tendering such Debenture(s) as holder shall cease and the person or persons entitled to receive Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time.

In accordance with the terms of the Indenture, no payment or adjustment shall be made upon any conversion on account of any interest accrued on the Debenture surrendered or on account of any dividends on the Commoo Stock issued upon conversion.

The closing price of the Common Stock on August 6, 1986, as reported in the Composite Tape for New York Stock Exchange Listed Stock, was \$43.50 per abare (the "Closing Price"). At the Closing Price, the holder of \$1,000 principal amount of Debeotures would receive upon conversion shares of Common Stock and cash for the fractional interest having an aggregate value of \$1,307.18. However, such value is subject to change depending on changes in the market value of

The Debentures are presently convertible into Common Stock et a rate of \$33.28 per share. Delivery of Debentures to any one of the Paying and Conversion Agents after the close of business on September 16, 1986, regardless of instructions in any notice, will result in payment of the redemption price of 100% of the principal amount of the Debentures together with accrued interest to September 16, 1986.

surrender of Debentures for payment at the office of any Paying and Conversioo Agent outside of the United States will be made by check drawn oo, or transfer to a United States dollar
account with, a bank in the Borough of Manhattan, City and State of New York. Any payment
made at the office of the Paying and Conversion Ageot within the United States or by transfer to
an account maintained by the payee with a bank in the United States may be subject to reporting
to the United States Internal Reveoue Service ("IRS") and to backup withholding at a rate of
20% if payees not recognized as exempt recipients fail to provide the Paying and Cooversioo Agent
with an executed IRS Form W-8, certifying under penalties of perjury the payee is not a
United States person, or an executed IRS Form W-9, certifying under penalties of perjury the
payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number oo IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please
therefore provide the appropriate certification when presenting your securities for payment.

#### PAYING AND CONVERSION ACENTS

Morgan Guaranty Trust Company of New York 38 Stockerstrasse Zurich, Switzerland

Morgan Goaranty Trust Company of New York Mainzer Landstrasse 46 6000 Frankfurt/Main, West Germany

Banque Internationale a Luxembourg S.A. 2 Boulevard Royal Luxembourg

Morgan Guaranty Trust Company of New York Rome Office Via Abruzzi 2

00187 Rome, Italy Morgan Guaranty Trust Company of New York
New Yurakucho Building e, Yuraku-cho, Chiyoda-ku Tokyo, Japan

Morgan Guaranty Trust Company organ Guaranty Irust Compan of New York P.O. Box 161 Morgan House, 1 Angel Court London EC2R 7AE, England

Morgan Guaranty Trust Company of New York 14, Place Vendome

Paris. France Bank Mees & Hope N.V. Herengracht 548

P.O. Box 29 Amsterdam, 1000 The Netherlands

Morgan Guaranty Trust Company of New York Milan Office Piazza del Carmine, 4, 20121 Milan, Italy Morgan Guaranty Trust Company

Avenues des Arts 35 B-1040 Brussels

Dated: August 13, 1986

THE GILLETTE COMPANY

This announcement appears as a matter of record only



# CASSA DI RISPARMIO DI PISA

**PLACING OF 100,000 BEARER SHARES** NOMINAL VALUE L. 10,000,000,000 OF

CASSA DI RISPARMIO DI PISA PARTICIPATION SAVINGS FUND

50.000 SHARES PLACED BY CASSA DI RISPARMIO DI PISA 50.000 SHARES PLACED BY TWO CONSORTIA MANAGED BY ZELIG Spa

for italy:

- Attimo SpA
- Fineurop Gestione SpA
- Zelig SpA Zelig Sud SpA

Banque Indosuez - Lugano nque Bruxelles Lambert Suisse SA - Lausanne

Morgan Grenfell & Co. Ltd. - London Zelig U.K. - London

#### **UK COMPANY NEWS**

# All-round advance lifts Matthew Clark to £6.7m

being 5p.
During the period virtually every hrand showed increased sales—these include Martell, de Kuyper and Stone's Ginger

Mr Francis Clark, the chairman, said that in contrast to the previous year, when profits henefited from special factors amounting to some \$500.000 amounting to some £500,000, 1985-86 had been a fairly normal trading period. In the circumstances, the 12

per cent rise in profits now reported was described as reported was The current year is viewed with confidence. Mr Clark pointed out that since May

trade had been hroadly similar to that of last year for the established products, and that the new agencies had started well. Early last month, a new division (Moreland Agencies) was created in order to enable the group to take on new hrands

TCI expands

further and

raises profits

Technical Compnnent Indus-

tries, a Derbyshire-hased manu-facturer of special nuts, bolts,

studbolts and other non-standard fasteners, has made its

agreed to purchase the TKR Group, a private designer and manufacturer of components for

the aerospace industry.

Initial consideration will be

by the Issue to the vendors of 255,658 new shares.

Further amounts up to a maximum £750,000 are payable if certain profit levels are

The group is proposing to rise £1.2m in order to fund the first additional payment of

£150,000, to discharge certain

The purchase follows the group's strategy of expansion

acquisition,

Last month it completed the
acquisition of Ancon Stainless

Steel Fixings, a company with

a proven track record and, according to the directors, con-

siderable potential for further

For the six months ended June 1986 Technical Compo-nent's raised its turnover from

nent's raised its turnover from £596,000 to £807,000. Earnings amounted to 5p (3.77p) per 25p share and an interim dividend of 1.5p net is being paid, an increase of 20 per cent on the level indicated in the placing document.

Howden Group is buying privately-owned Wade Englucer ing for an initial cash and shares payment of just over

film. If Howden sells any Wade properties, a further considera-tion of up to £0.5m in Howden

shares may be payable.

Wade's products — which

Howden says complement its own—are used in aerospace, military vehicle and general industrial applications.

The unaudited balance sheet of Wade at April 30 showed net

asset value of £1.45m. This did not reflect the estimated price receivable for properties which may be sold.

Spurs stake raised

Howden buying Wade Engineering

current year.
Mr Clark said, however, that
Moreland's initial portfolio
formed the basis for confidence
in the company's future.

Group turnover for the past year (to April 30, 1986) rose from £53.35m to £60.82m, ex-cluding Excise outy. Tax took £2.71m (£2.6m) to leave net profits at £3.94m, compared with a previous £3.37m.

Minorities accounted for £1.41m, against £1.25m.

The available balance for

rine available balance for ordinary shareholders worked through £415,000 higher at £2.52m from which dividend payments will absorb £697,000 (£605,000). Retained profits emerged at £1.83m (£1.5m). Earnings Improved from 24.4p to 29.2p per 25p share.

comment

Despite these good results, assuming pre-tax profits of Matthew Clark is fairly £7.5m, are on a prospective cautious about the prospects multiple of 13.

GROWTH IN all husiness sectors enabled Matthew Clark and Sons (Holdings), the wine and spirit group, to lift its 1983-86 profits from £5.96m to £6.66m at the pre-tax level.

The divideod for the year is being stepped up from an adjusted 7p to 8p net, the final being 5n and give added support to for this year because of the uncertain impact of two factors—the lauoch of new products and distributor for the reorganisation of the sales force. In the former category, the liqueur Peach Tree has already taken root in the support to for this year because of the uncertain impact of two factors—the lauoch of new products and the reorganisation of the reorganisation of the sales force. In the former category, the liqueur Peach Tree has already taken root in the support to for this year because of the uncertain impact of two factors—the lauoch of new products and the reorganisation of the reorganisation of the sales force. In the former category, the liqueur Peach Tree has already taken root in the contribution to profits in the lauoch of new products and the reorganisation of the sales force. In the former category, the liqueur Peach Tree has already taken root in the contribution to profits in the liqueur Peach Tree has already taken root in the contribution to profits in the liqueur Peach Tree has already taken root in the contribution to profits in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root in the liqueur Peach Tree has already taken root the liqueur Peach Tree has already taken root in the States and is a major hope for the UK. However, the West Coast coolers (a mixture of wine and fruit juices) have failed to take off, owing to the poor summer weather and the proliferation of competition. The division of the sales force is needed to promote the company's ever-widening range of drinks, with old favourites like drinks, with old favourites like Stone's ginger wine the base. The oew division, Moreland Agencies, will have to prove it has the same pulling power with the trade as the Matthew Clark name. Matthew Clark has done well to improve results consistently in sluggishly growing markets but, with \$3.8m cash, may be tempted to make cash, may be tempted to make an acquisition to boost growth this year. Its undistinguished record at managing its recent purchases represents the main element of caution about the shares which, at 505p and

## 300 potential buyers eye troubled Lifecare

THE RECEIVERS of Lifecare International, the nursing the units caused the group to homes group whose shares were suspended at the beginning of this month, say they have been inundated with inquiries from widely perceived as growth second acquisition since joining the USM in December 1985. Yesterday, along with the announcement that interim potential purchasers and are confident of selling off the business either as a whole or in profits had risen by 22 per cent to £173,000 pre-tax, the directors said they had conditionally

Lifecare owns and operates eight nursing homes for the elderly and owns four sheltered housing developments. Its shares were suspended at 22p company.

on August 1 when it called in accountants Peat Marwick inquiries from potentially inMitchell to take charge of its terested parties and we are in £1.6m. This will be met by the placing of new ordinary share at 315p on behalf of the vendors amounting to £794,675 and

resources, and delays in letting

housing for the elderly are widely perceived as growth markets because of the ageing demographic profile of Britain's population.

Peat Marwick'a joint receiver, Mr Roger Oldfield, said he thought this was a factor behind the interest in the

affairs, the process of inviting them in The nursing homes had been an orderly a fashion as possible operating profitably but its to visit the nursing homes so sheltered hoosing developments that they would not be buying were a heavy drain on blind." he said.

## Restmor lower at £1.6m

Restmor Group, Surrey-based tax charge, though, was much nursery furniture, reported to leave earnings per share lower pre-tax profits and turn, ahead at 11.89p (8.93p). indebtedness of the TKR over the next 12 months. Some 380,952 new ordinary shares have heen conditionally placed to close at 882 lower pre-tax profits and turn-over for 1985/6. However, the market marked the shares up 6p 3.75p (3.25p) to make a total to close at 98p.

Profits profits for the year

maker of baby carriages and reduced at £326,000 (£708,000)

to raise money.

For the year to February 28
1986 TKR recorded turnover of to May 2 1986 came out lower Turnover fell from £15.46m.

1998 ON The year profits of the year against 4p.

1998 TKR recorded turnover of to May 2 1986 came out lower Turnover fell from £15.46m.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 29 August 1986 in accordance with the abovementioned conditions. The register of members will be closed from 30 August to 5 September 1986, inclusive. Registered and Head Office: Gold Fields Building

75 Fox Street Johannesburg 2001 London Offices 31 Charles II Street St James's Square London SWIY 4AG On behalf of the Board 8. R. van Rooyen, Chairman M. R. Fuller-Good

United Kingdom Registrart Hill Sampel Registrars Limited 6 Greencoat Place London SWIP IPL 12 August 1986

constitute an offer of, or invitation to subscribe for or purchase, any securities.

## **New Zealand**



U.S. \$300,000,000 71/4% Bonds Due 1989 and U.S. \$200,000,000

71/2% Bonds Due 1991

The following have agreed to subscribe or procure subscribers for the Bonds:

**Credit Suisse First Boston Limited Swiss Bank Corporation International** Limited

Banque Bruxelles Lambert S.A. Citicorp Investment Bank Limited County NatWest Capital Markets Limited

Mr Isadore Brown, the New Jersey businessman who has shown an interest in the shares of Tottenham Hotspur, the only English football club with a Stock Exchange listing has lifted his stake to 13.67 per cent lifted his stake to 13,67 per cent of the equity.

The purchase of a further 100,000 shares, announced yesterday, gives Mr Brown 1.26m shares. He has in the past expressed a wish for a seat on the Spura board, Mr Paul Bobroff, Spurs chairman, said that he had no recent contact with Mr Brown, "except for a letter a couple of weeks ago asking for an autographed football." Spurs shares wera unchanged at 69p. Goldman Sachs International Corp. Kidder, Peabody International Limited Morgan Guaranty Ltd **Orion Royal Bank Limited** 

IN BRIEF

DOWTY GROUP has acquired the remaining 50 per cent of Hydrostatic Transmissions for £125,000 cash and the issue of 514,706 shares. HTL designs and makes low speed high torque hydraulic motors. Dowty acquired its earlier stake in 1983.

FALCON INDUSTRIES has sold its subsidiary, Kestrel Fasteners. This will eventually reduce group borrowings by £360,000.

**Banque Paribas Capital Markets Limited** S.G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities Ltd.

Banque Nationale de Paris Commerzbank Aktiengesellschaft **Deutsche Bank Capital Markets Limited IBJ International Limited** Merrill Lynch International & Co.

Salomon Brothers International Limited

**Nomura International Limited** 

Union Bank of Switzerland (Securities) Limited

Application has been made for the Bonds Due 1989 and the Bonds Due 1991, issued at 100½ per cent. and 100 per cent. of their principal amount respectively, to be admitted to the Official List by the Council of The Stock Exchange. Interest will be payable annually in arrear on 12th September, the first payment being made on 12th September, 1987.

Particulars are available in the statistical services of Extel Statistical Services Limited. Copies of the particulars may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the up to and including 15th August, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) from the up to and including 15th August, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 27th August, 1986 from:

Credit Suisse First Boston Limited 22 Bishopsgate London EC2N 4BQ

Scringeour Vickers & Co. 20 Copthall Avenue London EC2R 7JS

Kredietbank N.V. 40 Basinghall Street London EC2V 5DE

13th August, 1986

OTICE IS INFRESTY GIVEN of the resignation of Manufactures Hanover Bank/Balgium A. OMBBS from its agency functions indicated below and the appointment of Banque repelled Landard, Ayenze Manuic 24, B-1050 Breasels, as secured to MHRB for each such gracy function effective at the close of business August 14, 1988. Paying Agent, Convenien Agent

Paying Agent, Convection Agent,

Paying Agent, Conversion Agent, Transfer Agent

Manufacturers Ranover Trust Compa

Paying Agent

Paying Agent

Paying Agent

Paying Agent

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HOLDING:

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Niegara Mohawk Pinance N.V. 17% Guaranteed Notes due 1989

Clympia & York Maiden Lene Finance 104% Secured Copital Notes des 199 Olympia & York Water Street Finance Cory SWM Secured Notes the 1996 Zero Coupen Secured Notes the 1996 enSteel Oversens Finance N.V. 11475 Guaranteed Bonda dee 1988

Sonet Finance Inc., 114% Guaranteed Notes due 1982 Parasso International N.V.
SNA Convertible Subardinated

Dated: August 12, 1986

THE DEVELOPMENT BANK OF SINGAPORE LTD

To: All Bondholders

US\$70,000,000 51/2% Convertible Bonds due

SUSPENSION OF BOND CONVERSION NOTICE IS HEREBY GIVEN that the Bonds will not be convertible during the period 5 September 1986 to 11 September 1986, both dates inclusive, being the period during which the Share Transfer Books and the Register of Members of the Company will be closed for the purpose of determining shareholders' antifferent to the determining shareholders' entitlement to the Interim dividend declared in respect of the financial year ending 31 December 1986.

BY ORDER OF THE BOARD SHIRLEY LOO-LIM (MRS) SECRETARY

12 August 1986 Singapore

NOTICE OF RESIGNATION To the Holders of each of the below-mentioned Issues: NOTICE IS HEREBY GIVEN of the resignation of Manufacturers Henover Bank/ Belgium S.A. from its seemcy functions indicated below effective at the close of business August 14, 1966.

First Boston, Inc.

eris Credit Capital N.V.

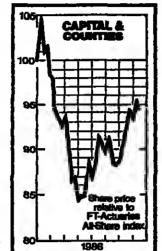
Dated: August 13, 1966

Dated: August 13, 1986

### increased profit seen by Capital & Counties

PROFITS attributable to the Capital & Countles property investment and development group in the half year ended June 30 1986 came to £3.87m, against £3.7m for the six months to September 29 1985.

Earnings were 5p (4.9p) net, and the interim dividend is lifted from 2.2p to 3p per share. The directors forecast that profit for the full year would



show an improvement over the annualised figure attained in the previous nine months — actual profit for the period was

In the half year operating income from property invest-ment was £7.9Im (£7.3m) and from property trading £594,000 (£1.39m). The associated com-pany contributed £318,000

Cost of the ordinary dividend came to £2.3m (£1.89m). Cap-ital and Counties' ultimate ding company is the LibLife Controlling Corporation South Africa.

#### **Metal Bulletin** profit up 60%

Metal Bulletin returned Metal Bulletin returned to profits growth in the first half of 1996 with an increase of 60 per cent in the taxable result from £312,000 to £497,900. The directors said that the trading pattern was similar to that in its record year of 1984 when pre-tax interim profits were \$400.000.

£499,200. However, they added that they did not expect the full-year resul to reach the £1.21m

of that year.

The shares, traded on the USM, rose 8p on the announcement but fell later to class unchanged at 105p.
Turnover rose by £381,000 to Turnover fose by £381,000 to £3.18m for this publisher of international trade journals and directories and conference organiser. Earnings per 10p share came out at 3.61p (2.09p) and the interim dividend is being raised from 1.5p to 1.65p. Last year there was a total payment of 4.25p on pro-tax profits of £1.03m. ment of 4.2 of £1.03m.

The tax charge was £180,500 (£128,70) to leave net profits at £317,400 against £183,300 last time.

#### Benlox stake

Chessminster Group, a Cana-Chessminster Group, a Canadian company, has increased its stake in Benlox Holdings, an industrial bolding company headed by Mr Michael Buckley, from just under 15 per cent to 18 per cent.

Chessminster announced it had bought a further 600,000 Benlox shares. On August 5 it said it had bought a 14.76 per cent holding.

YORK MOUNT GROUP reports an acceptance level received following the recent rights issue of 98.14 per cent.

To the Holders of

#### TOKYO SANYO ELECTRIC CO., LTD.

54% Convertible Notes Due November 30, 1996 NOTICE CONCERNING MERGER

Pursuant to the provisions of Section 3.05 of the Indenture dated as of August 12, 1981 between Tokyo Sanyo Electric Co., Ltd. ("Tokyo Sanyo") and Morgan Guaranty Trust Company of New York, as Trustee, under which Tokyo Sanyo's \$30,000,000 (the "Notes") were issued, notice is hereby given that:

(1) Tokyo Sanyo and Sanyo Electric Co., Ltd. ("Sanyo") have entered into an agreement for merger (the "Merger Agreement") whereunder Tokyo Sanyo will merge into Sanyo and be dissolved and Sanyo will assume all of the business, assets and liabilities of Tokyo Sanyo as a continuing corporation.

solved and Sanyo will assume all of the business, assets and liabilities of loxyo Sanyo as a continuing corporation.

(2) As a result of the merger the shareholders of Tokyo Sanyo will be issued one share of common stock of Sanyo having a par value of #50 per share for each Tokyo Sanyo share immediately after the effective date of the merger (at present expected to be 28th February, 1987).

(3) Pursuant to the Commercial Code of Japan the Marger Agreement is subject to the approval of the shareholders of both Tokyo Sanyo and Sanyo. An extraordinary general meeting of shareholders will be held on 27th August, 1986 for Tokyo Sanyo and on 29th August, 1986 for Sanyo to ask for the approvals of the shareholders of the respective companies of the Merger Agreement. The shareholders who were registered on the register of shareholders of the respective companies as of 31st May, 1986 will be entitled to attend and vote at the shareholders' meeting of the relevant company. (It should be noted that any holder of the Notes who converted his Notes into shares of Tokyo Sanyo during the period between 1st June, 1986 and the date of the shareholders' meeting (both days inclusive) will not be entitled to participate in these shareholders' meetings.)

holders' meeting (both days inclusive) will not be entitled to participate in these statements meetings.)

(4) Pursuant to the terms of the Merger Agreement the holders of shares of Tokyo Sanyo registered on the register of shareholders of Tokyo Sanyo as of 30th November, 1966 will also be paid by Sanyo an amount of \$4 per share of Tokyo Sanyo held of record in lieu of the year-end dividend of Tokyo Sanyo for the year ending 30th November, 1986. This amount, however, will be subject to smendment upon consultation between Tokyo Sanyo and Sanyo in view of the condition of assets and liabilities of Tokyo Sanyo existing on 1st December, 1986.

(5) On and after the effective date of the merger, all the obligations of Tokyo Sanyo under the Notes will be succeeded to by Sanyo as if it were the issuer of the Notes and the holders of Notes will be entitled to convert their Notes into shares of common stock of Sanyo having a par value of \$50 per share. The conversion price of the Notes will not be adjusted as a result of the merger as the ratio of allotment of Sanyo shares to Tokyo Sanyo shareholders will be one Sanyo share for each Tokyo Sanyo share hald.

TOKYO SANYO ELECTRIC CO., LTD.

#### **UK COMPANY NEWS**

# Rush & Tompkins to raise £8m by preference rights

par on the basis of two for every

RUSH & TOMPKINS, the international property and construction group, has followed last weeks' disappointing results with proposals for a rights issue aimed at raising £8.1m net of expenses to strengthen its balance sheet.

Instead of offering ordinary shares the company will issue shares of £1 each at \$44m were 100 per cent of par on the basis of two for every

three ordinary shares held.

The Govett Strategic Investment Trust, a substantial shareholder, has undertaken to take holder, has undertaken to take up its rights to 17 per cent of the shares, and the rest of the balance sheets. The company issue will be underwritten by Barclays de Zoete Wedd.

Brokers to the issue will be Phillips & Drew.

Last week Rush & Tompkins and 2005 on the basis pf 40.8 remoted are tar profits of ordinary shares for every \$100.

reported pre-tax profits of ordinary shares for every £100 58.7m for the 15 months to last nominal of preference. This re-March against £3m for the year presents an effective conversion to December 1984. It blamed price of 245p a share.

historically unprofitable contracts in the construction division for what it described as a
disappointing result.

However the contracts had enlarged equity.

#### **BOARD MEETINGS**

The following compenies have notified dates of board meetings to the Stoc Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are no explicible as to whether the dividend are intentions or finale and the sold divisions shown below are based meinty on last year's timetable. TODAY

Interiore: Commercial Volon, Foreignd Colonial Investment Trust, Gener Accident Hm and Life As Philips Lamps, Trencherwood, Final: J. Saville Gordon. FUTURE DATES

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ed ck lly ng et de ab-	Bebcock Internetional Cambridge Electronic Industs. Counter Products Merketing Ericsson (L. M.) Federated Housing Microvitec Palma Tesk Fores Tricentmal Weterford Gless	Sept Aug 2 Aug 2 Aug 2 Aug 2 Aug 2 Aug 1 Aug 1 Aug 1
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### Unidare advances 33% in first half

WITH SOME 65 per cent of its products being sold abroad, the Dublin-based Unidare group lifted its pre-tax profit by 33 per cent from I£1.14m to I£1.52m for the first half of 1986, equal to around £1.37m sterling.

The second half began satis-factorily, the directors reported, and they expected the some-what improved results to be maintained, with the distri-bution of sales remaining

Unidare makes electrical cables and transformers. The large percentage of sales abroad reflected the depth of the continuing recession in Ireland and the ready acceptability of

the products abroad.

Both the building trade and agriculture industry — important home markets — were still sluggish with little evidence of recovery, the directors pointed

Sales for the half year increased 9 per cent to £28m.

After tax £517,000 (£355,000) the net profit worked through at £998,000 (£789,000). This gave earnings of 9.03p (5.53p) and the interim dividend is raised from 2.3 to 3p per share. In March there were major changes in the sharebolding of the company, resulting in 66 per cent of the capital being placed with institutional in-

vestors et 175p each. The shares were released by Philips Electrical (Ireland) and

#### F. H. Lloyd

F. H. Lloyd Holdings' chairman told the annual meeting that et the end of the first quarter of the current year, 

#### **GOLD FIELDS GROUP NEW WITS LIMITED**

(Incorporated in the Republic of South Africa) (Registration No. 05/04822/06)

the second se

Year ended

PRELIMINARY ANNOUNCEMENT OF RESULTS

	1986	1985
	R000	R000
REVENUE Income from investments Surplus on realisation of investments Interest and sundry	15,836 59 629	12,078 1,067 751
EXPENDITURE AND WRITE OFF	16,524 1,220	3.896 665
Exploration	222 633 365	100 550 15
PROFIT BEFORE TAX	15,304 24	13.231 386
PROFIT AFTER TAX	15,280 246	12.845 226
PROFIT ATTRIBUTABLE TO MEMBERS Unappropriated profit, brought forward	15,034 56	12,619 148
Less:	15,090 15,033	12.767 12.711
Dividends declered	9,242	8.086
Interim 30.0c (22.0c) Final 50.0c (48.0c)	3,466 5,776	2.541 5.545
Transfer to reserves	5,791	4.625
Unapproprieted profit, carried forward	57	56
Earnings per shere—cents	130 80 1.4 2,135	109 70 1.6 1.657

The annual report will be posted to members in September 1986. DECLARATION OF FINAL DIVIDEND Dividend No. 71 of 50 cents per share in respect of the year ended 30 June 1986 has been declared in South African currency, payable to members registered at the close of business on 29 August 1986. Werrants will be posted on or about 30 September 1986. Standard conditions relating to the payment of dividends are obtainable from the shere transfer offices and the London Office of the

Requests for payment of the dividend in South African currency

by members on the United Kingdom register must be received by the company on or before 29 August 1986 in accordance with the abovementioned conditions. The register of members will be closed from 30 August to 5 September 1986, inclusive.

By order of the Board per pro CONSOLIDATED GOLD FIELDS PLC

London Office: 31 Cheries II Street St Jemes's Square London SWIY 4AG 12 August 1986 London Secreteries Mrs G. M. A. Gledhill, Secretary United Kingdom Registrars Hill Semuel Registrars Limited 6 Greencoar Place London SWIP IPL

# People in action...



# ...The HAT Group

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## Standard Life

#### The Standard Life Assurance Company

£210,000,000

**Dual Currency Loan Facility** 

Mandated Bank and Lead Manager Citicorp Investment Bank Limited

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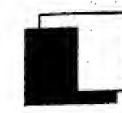
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Agent and Tender Panel

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Gulf International Bank B.S.C. BJ International Limited

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Sanwa International Limited • The Sumitomo Trust & Banking Co., Ltd.

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The Chuo Trust and Banking Company, Limited Industrial Multinational Investments Limited The Mitsui Trust and Banking Co. Ltd.

> The Bank of Yokohama, Ltd. • Cassa di Risparmio delle Provincie Lombarde SanPaolo-Lariano Bank S.A. • Societe Generale

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Citicorp Investment Bank Limited

CITICORP INVESTMENT BANK

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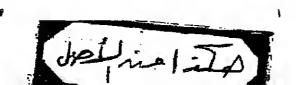
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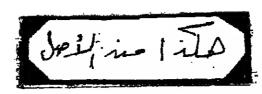
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Wordwage Growth Fed.   303.562   319.60   Surroyan   200.5   273.8   414.9     Sadarqo Fed   277.82   271.99   Flued Interests   200.5   273.8   414.9     Safe Ce' & Berry Fed.   349.31   367.70   Interestical   132.9   160.9     Safe Ce' & Berry Fed.   349.31   367.70   Interestical   132.9   160.9     Safe Ce' & Berry Fed.   349.31   367.70   Interestical   132.9   160.9     Safe Ce	Property Person Fig. 27.1.5   27.1.5	GM. E Freed informat   No.11
Early 18 Great Fd   CR. 18   1973	Depth   Dept	Mortisped for Port   142 b
Manipped Fd.   202.h   213.1	Compared	Compress
Depoch Fd.   1363   1256	Searcy   Location   1962   1973   1974   1	Yorks and Lares Ulter   122.1
Text   Prince   Acc   384.8   405.1	Control   Cont	5000   Investments   100.0   199.3   Gent & F of Information   150.1   100.0
Property 128.0 127 - Bevenshire Life 5.4 141.0 - 2.2 2 Glesshouse St., WIR 58G (II-434 3511 - 14.5 14.5 14.5 14.5 14.5 14.5 14.5 14.5	Price Basis Price   1918   1918   1919   191	Surice Prise Pertinate   94.3   94.3   97.4   94.3   97.5   97.
Making   104.9   110.5   +0.5	Pers. Net   Act	Capity Fand
American   1943   256.5 +1.1 - Nth American   190.5   95.3 +0.7 -   1977   1978	129 Kingsman, London WC28 AMF   01.404 (397)   246.7	175   195
For East	High Income	Save & Prespec Group  25 Western Rd, Rombord RMI 31.8  26 Inin Fd
1710   1710	Section   Sect	Golf For
Gal. 254.0 284.0 42.1 Equivalent Life Assurance Society Ingra 127.3 19.8 +1.7 4.57 ingra 127.3 19.8 +1.7 4.57 ingra 127.3 19.8 +1.1 4.57 ingra 127.3 19.8 +0.3 4 Geleram Street, tunton EC28.5A 61.404.6611 For East. 200.0 211.6 +1.1 For Eastern 150.8 198.7 (2.1 4.2 Class) 50.2 101.4 -0.2 Full for Fres. 190.2 190.7 190.	Sat. Respired   1956   115	Exertising House, Portunated (1996, 1997)
Property Source 2022 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	1372   1485     Eartes Fire Nov Street   421.6   0 1 146.2   147.2   148.0   149.5   - 148.0   149.5   - 148.0   149.5   - 148.0   149.5   - 148.0   149.5   - 148.0   149.5   - 149.5	22.0   22.0





Financial Times Wednesday August 13 1986 **INSURANCE, OVERSEAS & MONEY FUNDS** | Serving Demonstrated Internal Forces | Serving Serving Correct (c) | 20.9 | 2.24 | 4.04 | 4.04 | 4.04 | 4.04 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4 ### Part | Part MANAGEMENT SERVICES 1 Gluring Cross, St. Heller, Jersey
Sus Captus Foot Al4 9 82.5
Sus Income Fuel 2001 2001 4.91 Money Market | The presence | The country | Sun Life of Camada (UK) Ltd. 2,3,4 Cockson St, SW1Y 58H | Name | | The content of the Stridge Management List
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Stridge Management List
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1, 2 ,

terms it is now substantially cheaper than natural gas. Nobody doubts that this has

increased demand; but the key question is how far that demand

dam. Rotterdam, Antwerp ares is already 90 per cent to 100 per cent committed.

per cent committed.

The only oil product currently in short supply is premium grade gasoline; a shortage caused hy a lack of correct additives. Whils this has helped oil companies respond to Opec's production cuts with higher pump prices, it can be seen as further confirmation of high tertiary stocks. A shortage of additives implies a high level of gasoline production over the last six months.

The uncertainty over the size

dam was produced in June, so it follows that the physical impact

of Opec's cut in production in September will arrive in

(Opec) last week, the oil market has a much more immediats problem to deal with.

Before they decided to reduce

October. Opec member states were pumping oil for all they were worth. Much of that oil is on the high seas bound for Europe and the US, and will be added to an already large. be added to an already large stockpile in the consuming countries. The trouble is that nobody knows just how large the existing stocks are—a fact which is causing a great deal of nervousness in the market. The maximum speed of most veyr large crude carriers (VLCCs) is 12 knots, at which speed it takes the vessels about five weeks to travel hetween the Arabian Gulf and, say, Rotterdam. That means that oil now being delivered into primary stocks—the tanks of the major refiners—was produced at the eod of June or in early July.

According to Petroleum Argus, the oil market news-letter, Saudi Arahia—the hig-gest producer by far—turned out an average of 4.8m barrels a day (b/d) at a steadily ris-ing daily rate in Juos. Its rate of production continued to rise in July, reaching 5.9m b/d to-wards the end of the month.

That treed was mirrored throughout Opec, partly to huild up the members' positions prior to the Geneva meeting. July output for the Organisation as a whole was estimated by the International Energy Agency at 21m h/d, the highest level since 1982.

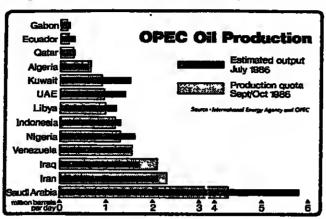
A clue to the present loca-tion of much of this oil is provided by the tanker market, which is in a more huoyant state than it has been for a decade. A year ago, VLCCs were losing some owners \$1,000 for each day at sea. Now the

WHATEVER THE long-term wished to continue producing will find anybody with a really effects of the production cuts at its July rate, it would probagreed by the Organisation of ahly have difficulty finding spot tertiary stocks or oil at sas,"

Petrolsum Exporting Countries chartered tankers to load.

Says Mr Hugh Hillard, a statis-Most of the July production bas yet to arrive at the refineries, and it is this that is causing the nervousness.

tician with the Paris-based agency, "Some oil companies track tankers, but there are just too many consumers."



According to one hroad-brush estimate, the world's tanker fleet may be carrying the equivalent of 500,000 b/d more production this year than last—and this additional quantity may be steaming towards a market where consumer stores are already full.
Oll stocks are traditionally

divided into three sections, in ascending order of statistical obscurity: primary stocks (as defined above), secondary stocks (oil products in the distribution system) and ter-tiary stocks (those in the hands

A working estimate of primary stocks is provided by the IEA's consumption figures, which include ex-refinery deliveries, international marine bunkers and refinory fuel consumption.

But that does not include the crucial category of oil at sea, nor does it take in secondary question is how far that demand reflects actual consumption and bow much is going into tertiary stocks. The Danish power utility Elsam is a case in point. It has ceased to purchase spot traded coal and bought between 300,000 tonnes and 400,000 tonnes of heavy fuel oil. In more normal circumstances this purchase would cumstances this purchase would be enough fuel to last well into In West Germany, where residential customers saw a bar-gain, tertiary stocks of light heating oil are helieved to be full. And, according to Petrolsum Argus, independent storage capacity in the Amster-

The first evidence is that refinery runs in Western Europe and the US have been substantially higher in recent mooths than at the same time last year, at 75 per cent and 80 per cent of capacity. Saudi Arabia's "nethack" crude 80 per cent of capacity. Saudi Arabia's "nethack" crude pricing systems linked the price of crude to the price of oil products. Consequently refiners could produce as much product as they wished, knowing that any fall in product prices would be translated into a fall in raw material costs. in raw material costs.

The fall in product prices has been dramatic. In the UK according to the National Industrial Fuel Efficiency Service, heavy fuel oil prices to the typical consumer have fallen by 63 per cent in the past 12 months, Prices in thermal equivalent terms are now substantially lower than coal.

nor does it take in secondary or or tertiary stocks,
The IEA admits that there is a problem, "I do not think you months. In thermal equivalent October.

#### LONDON MARKETS

COFFEE prices sustained a heavy setback in the London futures market yesterday with the November position ending the day £85 down at £1,797.50 a tonne — wiping ont most of the gain of the preceding two trading days.

Dealers attributed the fail,
which was sparked off by an
overnight downturn in New York, to technical selling in reaction to that raily. Further sharp falls in early New York trading yesterday depressed London values further near the close. Some buying interest was noted on London's physical coffce market but this did not result in much actual business and so had no noticeable restraining effect on the foture price slide. On the London Metal Exchange base metal values were generally modestly exchange base metal values were generally modestly lower in sympathy with gold. An exception was aluminium which recovered £5 of Mon-

LME prices supplied by Amalgamated Metal Trading.

#### ALUMINIUM

	Unofficial + er iclose (p.m.) — £ per tonne	High/low
Cash	153.45 +5	756:757
3month 8	751-1.5 —	762:759
Official	closing (am): C	esh 755-7
(753-4).	three months 761.5	-2 (787-8).

When are a contain the course the course	
of the tertiary stock inevitably	Grade A Uneffic'l + or High/low
means that oil product prices are likely to remain bighly volatile. If consumers have bought substantial quantities forward then the weakness in prices will continue, regardless of Opec's actions.	Cash 883.54.1 - 9.5 883/883 3 months 933.3.5 - 2.5 807/801.5 Official closing (am): Cash 882.2 (892.3), three months 901.5-2 (912.3) extrement 882.5 (893). Final Kerl close: 995.5-5,
Equally if product prices con- tinus to firm as a result of the Geneva meeting, then there is a	Standard 364-6 —1 864-865 3 menthe 583-5 —2 883-880
danger that the eod consumers will respond simply by running down those stocks. And just as the oil now arriving in Rotter-	Official clearing (am): Cash 863-3. [870-1], three months 883-4 (890-1) zattlement 863.5 (971). U5 Produce prices 61.50-66 cents a pound. Tota

LEA	D	
	Unofficial + er close(p.m.) - £ per tonne	Highnor
Cash ă montr	262-3 — 268-3 —1	264,5)281,5 263/260,
(262-3), 4). sem close: 2	l closing (am): Co three months 250.1 lement 252 (263). 52-3, Tumover: 11.3 tz 21-24 cents e po	5-1 (263.70 Final Ker 350 tenna

	Unefficia close(p.n 2 per te	17) —	Kligh/low
Cash 3 menthe	2560- <b>70</b> 2575-80	-30 -15,6	2600/2576
(2,590-5), 600), sett	closing (am three mont lement 2.58 : 2.575-85.	2.590	-1 (2,597- 5). Final
TIN			

	(14.07)			
ZIN	C			

High arade	Unefficial close(p.m.) £ per ton	— High/low
Cash 3 months	540-1	4 640 4 544,5/649

to	GOLD
es	Gold fell \$2% an ounce in the
	London buillon market yesterday from
	Menday's close to finish at \$3831_385.
re	The metal opened at \$386-388 and
he	traded between a high of \$38712-389
to	and a low of \$383-3842. Gold seead
	back efter Mondey's cherp rise es
ry	back efter Mondey's cherp rise es traders took profits.
	tradera took profits.
ry es	tradera took profits.
ry es ad	traders took profits.  GOLD SULLION (fine ounce) August 19
ry es ud	tradera took profits.  GOLD BULLION (fine ounce) August 19 Close \$3831s-385 (£25814-25914)
es ed es,	tradera took profits.  GOLD BULLION (fine ounce) August 19 Close
es ed es,	tradera took profits.  GOLD BULLION (fine ounce) August 19 Close \$3831s-385 (£25814-25914)

d.	GOLD BUL	TION (MUS ONL	CO AUBUST 1
5.	Close Opening M'n'g fbx Aft'n'n fbx	\$386 1g - 388 \$386,10	(£25614-£5914 (£2591 <sub>4</sub> -£501 <sub>4</sub> (£259,650) (£258,499)
f		AND PLATEN	UM COINS
	14 Krug 1/16 Krug Mapioloaf Angel 1/16 Angel Mew Sov Old Sov 880 Eagle	\$203-2034 \$1024-1064 \$4114-4814 \$584-387 \$494-387 \$4014-4314 \$91-94 \$91-96	(£2594-8514 (£136-137) (£594-70) (£59-234) (£9654-9674 (£27-2944 (£37-14-634) (£514-634) (£5094-3644 (£3714-3764
1			

#### SILVER

lower for buillen me cent equi were apo month 550 568.70c, 575.35c, d et 3687 <sub>4</sub> -3637 <sub>4</sub>	rket yest velente d t 542,5c, 0.55c, do down 7.0 own 7.35c	erday and the down set of the	et 365.26 Exing 8.6c; 5c; six- ind 12- metal c	ievi thre-more
SILVER	Buillion	+ or	LM.E.	+

109 02	Frios		MIDTIE	."
ot months. months. months	365,30p 379,20 <sub>0</sub> 362,30p 399,30p	-6.55 -7.10 -7.25 -7.66	360p 569,5p	7
	mover: 7			10,000
	nonthe h	leh/lo	w 371a.	final

# kerb 369-70p.

MEAT COMMISSION-Average fetmcAT COMMISSION—Average fat-stock prices at representative markets: OB—Cattle 95.71p per kg lw (+0.49). GB—Sheep 160.74p oar kg est dow (+4.76). GB—Figa 77.54p per kg lw (-0.83).

-	LIVE CATTLE			LIVE PIGS		
	Month	Y/day'e	+or	Y/day's close	+or	
	Aug Sept Oot Nov Jan.	88,80 58,80 99,80	-0.20	27, 52 103, 30 104,00 98,50	-0,30 -	
	Cattle ( Pigs sa	ales: Ni les: Nil	(nii) i	ots of 5,	000 kg, 250 kg.	

#### US MARKETS FUTURES

SUGAR FUTURES lost ground without fundamental news behind the decline, reports Heineld. Talk of sell-stops below 6.50c, basis October, fauned the selling, which was met by trade scaledown buying. The October delivery was down 0.27c to close at 6.54c. Coffee lost 10c markly in the meaning free. per in in the nearby freegaps between 1.64c and 1.66c in the spot September. Light stalled the decline but values stalled the decline but values to get there. You often have to resumed their downward course as commission house sell-stops were triggered at under I.63c, basis September, also inviting some computer fund liquidations. Precious metals traded sharply lower at midsession following profitaking after the steep gains on Monday. Platinum however recovered some ground tempority the class Savaheans

on montage. Fratham low-ever recovered some ground towards the close. Soyabeans turned lower following aggressive commission home selling on continued bearish

**62.10** 

52.70

25,000 is, cantagins

Close H. . Low Prev
58.30 58.05 58.00 58.55
58.80 58.80 58.55
58.80 58.80 58.80
59.35 59.65 59.10 58.60
59.35 59.65 59.10 58.60
60.10 60.20 59.35 60.35
60.55 60.00 60.25 60.80
60.36 61.10 61.30 61.20
61.35 61.30 62.20 62.20

CRUDE OIL (LIGHT) 42,000 US galions, 5/barrel

RUBBER

OIL

CRUDE OIL FOR (F per bar

**NEW YORK** 

free mkt. £3680/726 — 15 £2820/4 logsten \$53.15 £64,43 olfram 22.01b \$40,48 \$49,50 nc £140.5 4 £549.5 3 mthe £841.5 4 £540.5 producers \$840 t Unquoted. † Per 75 ib flack, c Centa par pound. w Aug-Sept. x Oct. v Sapt. Cotton Outlook, y Nov.

INDICES

REUTERS

METALS

Aug 12 Aug 11 Meth ago Year ago

1460,1 1458.7 1414,8 1715,7

Dow | Aug | Aug | Mith Year Jones 11 8 sgo ago

Spot 115,06 117,28 - 114,74 Fut 115,44 114,84 - 114,97

MAIN PRICE CHANGES

(Base: December 21 1931-100)

Futures mmained in a nerrow range end ended a quiet day slightly leger. The tone was reflected in the physical market with both preducers and consumers continuing withdrawn and only very light second-hand interest noted, reports Gifl and Ouffus.

Salea: 3.399 (3.355) lots of 10 tonnes. ICCO indicator prices (US cents per pound). Oally price for August 12: 90.86 (91.11): five-day sverage for August 13: 91.51 (91.71).

COFFEE Sept 42.20 42.85 41.50 40.9
Oct 43.20 42.85 41.50 40.9
Nov 44.12 44.70 43.30 42.7
Dec 44.86 45.44 44.20 43.4
Jan 46.20 45.96 44.60 43.7
Feb 46.00 46.75 44.75 43.1
March 42.70 43.20 42.36 41.5
May 40.20 40.96 39.80 39.

ORANGE JUICE 15.000 tb, cents/lb

#### SOYABEAN MEAL

<del></del>		$\vdash$	
August October Dec Feb April June	per tonne 127.0-189.0 125.6-127.9 127.5-130.0 129.0-180.6 180.5-181.5 129.0-180.6	-1.06 +1.16 -0.60 -	127,8 129,5 187,8
Sales 20	(115) lots	of 20	tonnes.

#### GRAINS

	ARLEY
Mnth Close - Close	**
Sept. 104,95 -0,40 102,90 Nov 107,20 -0,56 105,16 Jan 110,12 -0,59 105,00 Mar 112,55 -0,45 110,30 May 115,36 -0,20 115,30	-0.4
Susiness done—Whest: Sept 4.95, Nov 108.00-7.20. Jen 111.0 March 113.30-2.65, May 116. Sales: 627 lots of 100 tonnes. Sept 103.50-3.00, Nov 108.75-5. 108.30-8.00, Merch 110.75-10.3 untreded. Seles: 296 lots of 100 HGCA — Locational es-farm crices. Feed barley: S. East 6. West 97.20, W. Middendo N. East 97.50. The UK monet efficient for the week beginning a west 97.20, W. Middendo N. East 97.50. The UK monet efficient for the week beginning a wapeared to change to 1.190. LOMDON GRAINS—Whest U Northern Soring No. 1, 15 pe Aug 94.50, Sept 94.75. Oct 97.1 92.75, Sept 93.25, Oct 95.25, Not EC: Aug 125.00. English fee Sept 108.00-108.50 buyer/selis	0-10.30 55-5.35 Sariey 15, Jer 2, Mey 15, Jer 3, Spo 1, Spo 2, Spo 36.80 36.80 36.80 36.90
110.00 buyer, Ont/Dec 112.00 Jan/March 118.00-118.50, Ao 119.00-120.00 buyer/seller, Mai No. 3 Yellow/Fmnch, transi East Coast: Aug 151.75. Bariey:	-112.50, ril/June Iza: US

#### **POTATOES**

# US gellone | Linest | High | Low | Prev | August | 42.20 | 42.85 | 41.50 | 40.94 | 43.20 | 43.86 | 42.40 | 41.86 | 44.12 | 44.70 | 43.30 | 42.72 | 44.86 | 45.44 | 44.20 | 43.44 | 45.20 | 45.66 | 44.60 | 43.85 | 45.00 | 45.75 | 44.75 | 43.85 | 45.00 | 45.75 | 44.75 | 43.85 | 45.00 | 45.75 | 44.75 | 43.85 | 45.00 | 45.75 | 44.75 | 43.85 | 45.00 | 45.75 | 44.75 | 43.85 | 45.20 | 45.86 | 41.50 | 45.20 | 45.86 | 41.50 | 45.20 | 40.85 | 39.80 | 39.10 | 39.50 | 40.85 | 39.80 | 39.10 | 39.50 | 40.86 | 39.80 | 39.10 | 39.50 | 40.86 | 39.80 | 39.10 | 39.50 | 40.86 | 39.80 | 39.10 | 39.50 | 40.86 | 39.80 | 39.10 | 39.50 | 40.87 | 41.50 | 40.29 | 40.86 | 40.80 | 40.29 | 40.86 | 40.80 | 40.295 | 40.85 | 103.70 | 40.295 | 104.85 | 103.70 | 402.95 | 104.85 | 103.70 | 402.95 | 104.85 | 103.70 | 403.95 | 104.85 | 105.50 | 405.35 | 105.36 | 105.50 | 406.70 | 40.87 | 40.94 | 41.50 | 40.94 | 41.50 | 40.94 | 41.50 | 40.94 | 41.50 | 40.94 | 40.94 | 41.50 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 40.94 | 4 SUGAR

PHYSICALS — The London market opened elightly steadler, attracted some covering interest and closed on a quietty steady note, reports Lawis and Post. Closing prices (buyen) Spot 00.25p (59.50p); Oct 58.75p (59.00p). The Kuala Lumpur fob price (Melaysian canta per kilo): RSS No 1 222.0 (220.0) and 8MR 20 187.5 (186.0).

FUTURES—Index 594, Sept 590-595, Oct/Dec 580-585, Jan/March 590-597, April/June 604-610, July/Sept 605-614, Seles: 0.

PORK BELLIES 38,000 lb. cents/ib

SOYABEAN OIL 50,000 Ib. cents/ib

16.20 16.32 16.20 15.45 16.60 18.45 16.41 16.65 18.41

SOYABEAN MEAL 100 tons, 5/ton

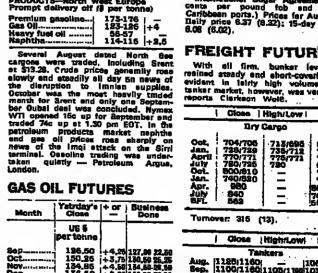
Close High 149.2 149.5 144.8 145.2 143.0 148.4 144.7 146.1 146.1 148.8 150.6 151.2 150.6

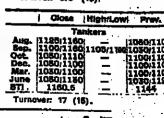
WHEAT 5,000 bu min, cents/60 lb-bushel

Selee: 2,568 (2,951) lots of 50 tonnes. LONDOM DAILY PRICE—Row sugar \$157.50 (2105.00), up \$1.50 (up 50p) a tone for August-September delivery. White sugar \$196.50, up \$1.50, PARIS—(FFr per tonne): Oct 1316-1320, Dec 1318-1322, March 1368-1360, May 1385-1400, Aug 1415-1435, Oct 1450-1478.
Tete and Lyle delivery price for granulated besig auger was £209.00 (£303.00) a tonne for export. 12.20-12.50 +0.60 15.80-14.00 +0.676 .16.60-16.70 +0.70 International Sugar Agreement—(US cents per pound fob and atomed Caribbean ports.) Prices for August 11. Italy price 6.37 (8.32): 15-day average 6.08 (6.02).

FREIGHT FUTURES With all firm, bunker levels re-resined steady and short-covering was evident in leirly high volume. The tanker merket, however, was very quiet, reports Cierkeon Wole.

Close | High/Low | Prev. Dry Cargo





#### Sarawak pepper exports fall

Month close close done

E per tonne

137.50 138.50 128.50

# **NY-Sydney** exchange link approved

THE US Commodity Futures Trading Commission (CFIC) yesterday gave approval to the second internstional futures trading link-up, moving the industry a step closer to its long awaited 24 hour trading

day. The Commission yesterday voted to allow linked trading between the Commodity
Exchange (Comex) of New
York and the Sydney Futures
Exchange (SFE). Initially, the tie-up will involve the trading of two identical gold hullion futures contracts on sach exchange, stretching the length of the trading day for gold from 5.5 hours to 11.5 hours.

The gold contracts—the same as that now traded on Comex interchangeshly on either the Comex or the SFE. Both exchanges will clear their trades through the Comex Clearing Association (CCA). Under the new system, the trading day will begin in Australia at 7 pm New Yorks time and will continue to the end of the trading at 1 and New York time Eight hours later Comex will resume trading and continue until 2.30 pm. At the insistence of the CFTC, the link involves an extensive information sharing arrangement that would be used for, among other things, the market and trade practice surveillancs and the disciplinary programmes at the two

exchanges.
Rules have been drawn up to provide financial protections for risks the commission sees as inherent in linked trading systems. For example, futures commission merchants which commissian merchants which are members of the CCA and are not US citizens must have a minimum adjusted net capital of US\$2.5m, of which at least \$1m must be at all times maintained in the US. As an alternative to become the CL. alternative to keeping the \$1m in the US, a letter of credit drawn in favour of the CCA can be deposited with an approved US bank.

In the case of market emergenies or defaults, Comex has the right, after consultations with SFE, to declare a market emergency and to prescribe the sctions to be taken by each exchange.
The CFTC yesterday also spproved the application of the

New York Cotton Exchange to trade options on its US dollar trade options on its US dollar index futures contract.

The only full-fledged fotures link in existence so far is that hetween the Chicago Mercantile Exchange and the Singapore International Monetary Exchange (Simex). Volume on Simex, though disappointingly low has been aided by the link. low, has been alded by the link. The SFE has similar but separate plans for a trading link with the London Interchange (Liffe) on S Treasury hond and Eurodollar deposit

# Gold flurry sets pulses racing in New York futures market

in a sea of abandoned paper. Someone is sitting ldly on someone is sitting lally on the high hench encircling the cocoa ring, chatting lazily to a by-stander. Not much is going on in the tiny orange-juice pit either. But over on the far side of the floor it is difficult to distinguish anything in a solice of brings carticular.

ing traders.

This bediam is by no means an unusual sight in that segment of the floor these days.
On one side is the New York Mercantile Exchange's (Nymex) oil ring respected by the oil ring, re-energised by the Opec production cuts. On the other is the Commodity Exchange's (Comex) gold trading pit, given a new lease of life by the svents in South Africa.

in a melée of baying, gesticulat-

And in between are Nymex's platinum and palladium pitches,

Traders periodically throw their bands violently forward, as though they were palming up volley balls. Others make gestures that would be regarded furry of hyper-activity will last.

as extremely vulgar in a school- But already this year, volume in boy. The volume of verbal ex-changes occasionally rises to 730,000 (50 oz contracts) to the ear-splitting proportions. Mr end of July—is running at well Wolfson, jacketless and tie over twice last year's rate, and askew at the end of the session, has the husky volce of a man the action was just as intense whose work consists of outbellowing his confreres from time to time.

The design of the session, yesterday, as profit-taking set in, has the husky volce of a man the action was just as intense as in the previous two near-record sessions.

Indeed, the ability of the man the session in the ability of the man the session in the sessio

by the present unrest in South Africa. But it is also a sign of the times—part of the explo-sion in futures trading in the

platinum and palladium pitches, where trading is surging ahead alongside gold to hit record aix-year levels.

"Sure it is tiring. You need to be a young main for this same," says Mr. Heward Wolf-soft, a 37-year-old broker from Europe. But for the New York traders the pressure on futures of the last few days are evisivery physical," he says. "Half of the people here are half my age:" He is 50.

It is hard to see exactly what is going on in the rugby scrummage around the platinum pit —and it is even more difficult to distinguish what is heing of the last few years, and today, of which around 30 per cent are "locals," trading on globalisation of world markets. Historically, the platinum business has been dominated by the physical markets in Europe. But for the New York as an indication of the past few days or cent are "locals," trading on globalisation of world markets. Historically, the platinum business has been dominated by the physical markets in Europe. But for the New York as an indication of the past few days, or cent are "locals," trading on as mother indication of the platinum business has been dominated by the physical markets in Europe. But for the New York as anoothly operating futures market.

Yesterday, the locals were rest. It would be impossible to say from the extraordinary range of clothing and styles of the growing demand is going on in the rugby scrummage around the platinum pit a price rise on one day—is cited but some of them, presumably, in the platinum pit a smoothly operating futures market.

Yesterday, the locals were rest. It would be impossible to say from the extraordinary range of clothing and styles of the platinum of the platinum of the platinum pit a price rise on one day—is cited but some of them, presumably, in the speculative elsment which is regarded as the key to a smoothly operating futures.

Yesterday, the locals were rest. It would be impossible to say from the extraordinary range of clothing and styles of the last few years, and the platinum of the platinum of the platinum globalisation of world markets. Historically, the platinum business has been dominated by the physical markets in a smoothly operating futures are prices and the strong volumes of the last few days are evidence of the growing demand for hedging mechanisms

The furious price run up on Monday when Nymex platinum who was not. Anything goes, in the recounts and providing the speculative elsment which is regarded as the key to a smoothly operating futures market.

Yesterday, the locals were rest. It would be impossible to say from the extraordinary range of clothing and styles who was making money and who was not. Anything goes,

BY EARLY afternoon, the burgundy-coloured carpet in the expansive trading floor which houses the main futures markets in New York is covered properties. Trades are made by the begun to use the market. The price surge, some dealers believe, came largely in response to overseas demand from holders of the physical

The current activity in market to respond to the platinum futures is unquestionably linked to the fears of is seen as a sign of its growing shortages of the metal caused maturity.

Liquidity has increased as the number of active participants has grown, doubling in the past sion in futures trading in the four years or so to around 100 US in the last few years, and today, of which around 30 per another indication of the cent are "locals," trading on

# MidAm's struggling copper contract

LESS THAN two months after its launch on June 19, the MidAmerica Commodity

the MidAmerica Commodity Exchange's revised high grade copper futures contract is struggling badly.

By the end of July, aggregate volume had reached only 1.387 contracts, 786 of them on the first day of trading. July volume totalled a paitry 265 contracts, with end-month open interest standing at just 88—the vast majority. according to exmajority, according to ex-change sources, for the relatively nearby September delivery month.

A combination of unfavour-able market conditions, com-petition from the traditional copper exchanges, and lack of tradn support are being blamed for the contract's poor chossing showing.

MidAm officials are stressing the first of these. "The timing was just very poor," according to Mr Jay Gottlieb, an advisory economist at the Chiera hand

Chicago-based exchange, which was taken over earlier which was taken over earlier this year by the much larger Chicago Board of Trade. "Ws upened st the end of a rally," Mr Gottileh explained. "Ws are still happy with the contract specification," he insisted.

But, while the current bear trend in the market at large

may certainly be blamed for the apparent dearth of speculative interest, many observers still question the need for the Middam to be trading copper st all. Compe-tition for business is intense, with both the troubled London Metal Exchange and New York's Comex offering New York's Comex offering established alternatives.

The MidAm had hoped to

exploit a perceived window of opportunity by confining delivery to high-grade cath-odes and modelling aspects of the contract specification on the LME's Grade A contract in a bid to attract arbitrage business. Now, with Comex intent on raising the premium for metal quality on its own contract (to attract more high-grade metal) commencing January, time is running out for the Chicagn Exchange to establish a satis-

factory market toehold.

Trade interests, some of whom backed the contract enthusiastically during the anthorisation process, maintain that poor to non-existent liquidity has severely hampered their attempts to use the market. "We have investigated trading the contract on several occasions," said Toronto-based Noranda, "but we have formed Noranda, "but we have found a line of sellers and few buyers."

Phelps Dodge, the largest US copper producer and arguably the staunchest tradn arguably the staunchest tradn advocate of a US high-grade contract, has seen its efforts to utilise the MidAm new-comer similarly frustrated. "We have used it to a limited extent," said Mr Douglas Yearicy, a New York-based senior vice-president, "but we have found it very difficult to fill orders."

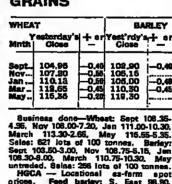
The company denies that The company devices that its initial enhancement for the MidAm contract diminished in the light of Comex's pending application to launch its own high-grade contract at some future date. "There is still no guarantee that Comex will follow through with that," said Mr Yearley.

Nevertheless, with trade all but grinding to a halt recently, there seems little prospect of Phelps Dodge or anybody else stepping into bolster the MidAm contract by writing it into any pricing formulae, which is exactly what is needed, according to Mr Ben Bowdon of copper wire producer. Essex Group, if the contract is to stand a realistic chance of recovery from its present low ebb. "We haven't given up on it yet," insists Phelps Dodge's Mr Yearley. But there appear to be many who have.

Official classing (am): Cash 863-3.5 (870-1), three months 883-4 (890-1), sattlement 863.5 (971). U5 Producer prices 61.50-66 cents a pound. Total Tumover: 21,050 connes.

Sales: 4.036 (4.036) lots of 5 tonnes. 1CO indicator prices (US cents por pound) for August 11: Comp. daily 1379 148.39 (145.07); 15-day evemge 147.53 (148.39).

	Y'star d'ys close	+01	Business done
August October Dec Fab April June August		-1.06 +1.15 -0.50	127,8 129,5 131,6



resu. 100: Aug 104.00 selfer. Sept 108.00-108.50 buyer/soller, Oct 108.00. Nov/Oct 112.00 selfer. Jan/March 115.00-118.00 buyer/selfer, April/June 119.00 buyer.

JUTE—July/August, c and f Dundee: BTC \$390, awc \$350, BTD \$310, awc \$310; c and f Antwerp: BTC \$330, SWC \$330, BWD \$300, BTR \$300.

After Monday's weakness and an easier opening in Holland the market followed through to trade under £200 in April but found support to reach £203 by midday. The rally continued until solling pressure emerged. The market is currently susceptible to any change in the weather or rumour, reports Coley and Harper.

US 6 er tohne 126.50 +4.25 127.26 22.50 150.25 +4.25 127.26 22.50 124.85 +4.50 134.50 25.56 136.50 +4.50 134.50 25.50 139.00 +4.50 138.00 57.25 139.00 +7.00 138.00

GAS OIL FUTURES

Turnover: 3,033 14,607) lots of 100

THE EAST Malaysian state of stocks at both farm and trade

SHEY MAR

AN BREWOW

# CURRENCIES; MONEY and CAPITAL MARKETS

### FOREIGN EXCHANGES Dollar firmer in quiet trading £ IN NEW YORK Aug 12 ! Spot \$1.4845-1.485531,4870-1.4830 1 month 0.47-0.45 pm 0.47-0.48 pm 5 meeths 1.28-1.24 pm 1.28-1.25 pm 12 months 4.55-4.46 pm 4.57-4.50 pm

THE DOLLAR finished towards the best level of the day on persistent short covering. This was partly due to renewed speculation that the West German Bundesbank might cut its discount rate and also hopes of higher oil prices. However, US economic statistics due for release this week may provide further evidence of an economic slowdown, thus putting further Forward premiums and discounts coply to the US dollar slowdown, thus putting further pressure on the dollar. exchange rale indax rose from 110.6 to 111.1.

Cay Allegan 18 th

CHICAGO

**UGAB** 

REIGHT FUT

parts fall

Any apparent conflict that these factors may create could be partially solved if 2 recent meeting between Mr Paul Volcker, chairman of the US Federal Reserve board and Mr Karl Otto Poebl, president of the West German Bundesbank brings about a cut in leading interest rates in the US, Germany and Japan. Attention is now focused on tomorrow's meeting of the Bundesbank central council where 2 cut in rates could be announced.

Against this background, the dollar way marked firmer in early trading and was content threafter to trade within a fairly narrow range. It closed et 222550 Against the Swiss frame VISA-70 compared with VISA-75. Elsewhere it rose to SFr 1.6790 from SFr 1.6590 and FFr 6.69. On Bank of England figures, the dollar's Against POLIMD SPOT—FORWARD AGAINST POLIMB

POUND SPOT-FORWARD AGAINST POUND

12 spread Close One month p.s. months

1.4820-1.4910 1.4840-1.4850 0.47-0.44c pm
1.20503-2.0664 2.0625-2.0635 0.39-0.21e pm
1.48.20-1.4840 2.0625-2.0635 0.39-0.21e pm
1.48.20-1.4840 2.0625-2.0635 0.39-0.21e pm
1.48.20-3.48 3.47-3.48 13-11-c pm
1.48.20-3.48 13-11-c pm
1.48.21-12-c pm
1.48.21-3.22 pm
1.48.23-3.24 pm
1.48.23-3.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

p.a. months p.a. 2.88 1.27-1 22 pm 3.35 0.80 1.25-1.05 pm 0.87 -2.20 0.79-0.84de -2.35 0.75 0.37-11 dis -0.84 -2.40 4.60-6.25ds -2.54 1.85 0.94-0.89 pm 1.77 -9.85 250-480 dis -9.30 -6.25 180-220dis -5.96 6.48 18-77-1 dis -4.71 -8.22 14.90-10.30d -8.20 -0.68 120-1.35ds -0.76 -3.11 5.20-5.59ds -3.11 1.75 0.62-0.79 pm 1.03 2.41 0.84-0.79 pm 1.95 

**EXCHANGE CROSS RATES** 

Aug.18; E .- 6 :4-DM | YEN +FFr. | SFr. | H-FL ! Life | CS | B.Fr. 1. 1496 2,086 206.5 10.03 2,465 0,475 9111 2,066 63,60 0,674 1. 2,078 104.7 6,755 1,672 2,341 1438 1,390 48,85 DM 0,324 0,481 1. 74.39 3.860 0,808 1.180 684.3 0,666 20.62 YEN 4.387 6.468 13.44 1000 48.68 10.86 10.14 0198 8.989 277.1 0.998 1.481 3.077 228.9 10. 2.486 3.466 2106 2.058 63.44 0.401 0.596 1.238 02.08 4.032 1. 1.094, 946.9 0.998 20.09 0,288 0,427 0,888 65,04 2,885 0,717 1, 607,5 0,694 12,30 0,474 0,705 1,461 108,7 4,749 1,181 1,646 1000, 0,977 30,10 C \$ 0.485 0.720 1.490 111.2 4.859 1.808 1.584 1023. 1. 30.83 8 Fr. 1.372 2.834 4.801 060.8 15.70 3.010 0.464 3310 8.244 100.

**EURO-CURRENCY INTEREST RATES** 

Months Your

## FINANCIAL FUTURES Little change

2.1521. Exchange rale index 138.9 against 132.6 six months ago.

The D-Mark was 9 little weaker agoinst the dollar in Frankfuri yesterday. Early trading pushed the dollar firmer oo renewed speculation that the West German Buodesbank would cut in a recovery by the pound and a recovery by the pound and a recovery by the pound and the attempt of the attempt of the strength of US Treasury by the government broker at the weekeed. Some through demand since dealers was little changed interest prospect of a break on the Loodoo International Futures Exchange of the range of the pound this week into about 2 co-ordinated cut in 119-20 to 121-00. The hetter performance of the pound this week helped keep the price towards market fears sales of tap etock was little day's low of 120-15, only slightly above the officials said they were not involved to the meeting between market fears sales of tap etock at peak of 120-27 yesterday, but dealers suggested there was little day's low of 120-13, and community that the possithrough demand since dealero were sceptical about the possibility of a cut at tomorrow's meeting of the Bundesbank central council. The dollar was fixed at DM 2.0719 sgainst DM 2.0564 and closed at DM 2.0740 from DM 2.0590.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.76 to 153.75. July 2v6rage 158.61. Exchange rate index

158.61. Exchange rale index 217.9 against 188.7 six months

217.9 against 158.7 six months ago.

The yen was alightly weaker io very quiel trading in Tokyo yesterday. Volume was reduced by proximity of the summer hollday season. The dollar edged higher to close at Y154.05 from Y153.55 lo New York and Y153.85 in Tokyo on Monday as short covering developed after renewed bopes that oil prices may rise. Interest in the dollar was also due to speculation that the West German Bundesbank may cut its discount rate 0000.

**CURRENCY MOVEMENTS** 

Morean Gueranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

**CURRENCY RATES** 

OTHER CURRENCIES

Aug. 12 ]

LIFFE LONG GILT PUTURES OPTIONS

opeoed at 100-01 had advanced

Bepl Dec Mar June Seot Dec Mar 11.34 11.13 — 0.00 0.31 — 6.34 9.28 — 0.00 0.35 — 7.34 7.51 — 0.00 0.59 — 3.35 6.13 — 0.01 1.27 — 3.39 4.82 — 0.05 2.06 — 1.50 3.53 — 0.26 2.61 — 0.51 2.56 — 1.17 4.00 — 0.14 2.07 — 2.44 5.13 atad votume total. Cells 487 Parts 0 ms day's open int. Cells 487 Parts 0 ms day's open int. Cells 487 Parts 0 ms day's open int. Cells 2.341 Parts 1.038 LONGON BE £/3 OPTIONS £12,500 | cents per £1)

| 225,000 (cents per 21) | Strike | Celis—Last | Osco | Au<sub>0</sub> | Cept | Oct | Deo | 1.36 | Celts—Last | Oct | PHILADELPHIA DE £/3 OPTIONS Puts—Last
Au<sub>0</sub> 0apt Dac Mar
— 0.25
— 0.05 0.75 1.90
— 0.13 1.75 3.20
0.06 0.90 3.35 5.13
1.65 3.20 0.00 7.80
6.35 7.00 8.30 11.20
11.20 11.60 13.50 15.10
33.335 Puts 38,039
54 Puts 2,504

CHICAGO LONDON 

US TREASURY BILLS (IMMA) Sim points of 100%

CERT. DEPOSIT (IMM) Sim points of 100% Sim points of 100% Latest - 93.99 - 94.02 - 93.14

\* CS/SOR rate for August 11: 1.67708 (1) SOR rate for August 11. High 93.72 93.76 93.65 93.45 93.16 92.88 92.59 92.32 Low 93,68 93,71 93,93 83,42 83,16 92,86 92,58 92,30

Aog 12 Previous 9.00 am ..... 71.5 70.7 10.60 am ..... 71,4 70.9 11.00 am ..... 71.5 Noon ..... 71.5 70.7 1.00 pm ..... 71.4 70.7 2.00 pm ..... 71.5 S.Af.(Fn). 7.3085-7.7090 4.e385-5.1850 U.A.E.,.... 5.4496-0.4660 3.0795-3.0730 70.8 3.00 pm ..... 71.5 70.8 4.00 pm ..... 71.4

**EMS EUROPEAN CURRENCY UNIT RATES** Changoo are for Ecu, thorelors gooitive change denotes a week eurrency. Adjustment calculated by Financial Times.

#### **MONEY MARKETS**

# Hopes grow of cuts in world rates

INTEREST RATES had a softer tone in London yesterday, as apeculation increased about a co-ordinated round of world interest rate cuts in the near future. Mr Paul Volcker, chairman of the Federal Reserve Board, met Mr Karl Otto Poebl, president of the West German Bundesbank, for informal talks at the weekend. This was followed by a report in the US press that agreement bad been reseased to cut rates. The annipress that agreement had been reached to cut rates. The anniversary of last year's Group of Five agreement, made in New York on September 22, to reduce the value of the dollar, is regarded as a likely time for any such move. Japan is expected to be included in any agreement, but there are doubts whether the other G-5 members. Britain and France will take nart. age of £100m, but changed this to £150m at noon, and provided help of £136m.

The authorities did oot operato in the market during the morning; and in the afternoon bought

**NEW YORK RATES** CLenchtime)
Prime rate
Broker lose rate
Fad thruts
Fad funds at intervention
64 part. In Frankfurt call money was In Frankfurt call money was stoody at 4.45. per cent, and dealers did not expect the Bundesbank to cut its discount or Lombard rate at tomorrow's council meeting, the first since the summer break. The central back drained liquidity at yesterday's securities repurchase agreement tender. Bids of DM 10.1bn were accepted for a 28-day agreement, at o fixed rate of 4.35 per cent. Bids were

Treasury Bills & Bonds
One spooth
Two month
Three month
Oss year
Two year
Two year
Four year
Four year
Soven year
30 year MONEY RATES

Oversight Month Months Mosths Months In vitin 

£136m bills outright, by way of £59m bank bills in band 2 at 91f per cent; £73m bank bills in band 3 at 9f per cent; and £4m bank bills in band 4 at 911 per ceot.

UK clearing bank base lending rate 10 per cont since May 22 Bills maturing in official bands, repayment of late assis-tance and e take-up of Treasury bills drained £381m. This oul-weighed Exchequer transactions adding £185m to liquidity; a fall in the note circulation of £65m; and bank balances above target

FT LONDON INTERBANK FIXING Six mouths US deliars (11,00 a.m. August 12) Three mouths US dollars

Offer 8 🖧 Ofter 6 6s reference banks et 11 am each working day. The banks are National Wastmic-oter Bank, Bank of Tokyo, Dautsche Benk, Benque Nationale de Paris and The fixing rates are the arithmetic means, rounded to the nearest onseignmenth, of the bid and offered rate for STOM quoted by the market to the LONDON MONEY RATES

Over 7 days Three Six One night notice Month Monthe Monthe Year 7-10 816-10 316-10 034-812 376-716 93-915 93

Treseury Bills [sell]: one month 9% per cent: three months 9% per cent.

Bonk Bills [sell]: one month 9% per cent: three months 9% per cent.

Billic; Average tender rets et discount 9.5445 per cent. ECGO Fixed Finance 6choms IV reforence date July 2 to August 5 inclusive): 10.009 per cent.

Local Authority and Finance Houses Saven days notice, others sever days fixed. Finance Houses Base Rets 10 per cent from August 1 1985. Bank Deposit Reles for sums at saven days notice 8.38-4.375 per cent. Carthestes of Tax.

Deposit [Sarias 6]: Decosit £100.000 and over hald under one month 10 per cent ens-three months 9% per cent; three-au months 9% per cent; first-mas months 9% per cent; first-mas months 9% per cent; first-lims first August 9. Ooposits held under Serios 0 9% per cent. Caposits withdrawn for each 5½ per cent.

pared with 120-13 at the previous

Seplember US Treasury bond futures finished oocbaoged on the day at 99-17. The contract

| Calis | Last | Oct | Oct | Aug | Sapt | Oct | Dec | Oct |

LUFFE-EUROCOLLAR OPTIONS SIm points of 100% Galla-Last Sept Dec Mar 1.45 1.46 1.40 1.20 1.22 1.17 0.95 0.98 0.95 0.70 0.76 0.74 0.46 0.65 0.58 0.24 0.37 0.40 0.00 0.23 0.27 £25 per tull index poist

Closs High Low Prev Sept 159:50 158:50 158:50 Dec 182:43 — 161:35 Eat. Volume 528 (219) Previous day's coops int 2,810 (2.664) THREE-MONTH EURODOLLAR \$1m points of 100% Previous day's opes int. 13,332 (13,188) Basis quote (clean cash price of 13% Tressury 2004008 less equivalent orice of near futures contract) -4 to 4 (32nds) US TREASURY BONGS 6% \$100,000 \$2nds of 100% Closs High Sept 59-17 100-07 Dec 98-28 59-17 Est Volume 8 00-17 Sept 100.57 100.80 100.57 100.57 Dec 100-57 — 100-57 Merch 100-57 — 100-67 t 59-17 100-07 99-15 99-17 98-28 99-17 98-27 98-29 Volume 8,864 (7,347) lous day's open int, 7,839 (7.131) Est. Volumo 188 (305) Previous day's opes Int. 1,082 (1,045) **CURRENCY FUTURES** 

POUND-S (FOREIGN EXCHANGE) IMM-STERLING Se per C Letest High Low 1.4800 1.4810 1.4785 1.4875 1.4700 1.4660 1.4670 1.4570 1.4540 June 50.47 90.48 50.43 50.46 Sept Sept 90.34 90.40 90.33 90.37 Dec Set. Volume 2.585 (1,686) Merch Previous day's open int. 14,374 (14,417) June

#### **GOLD FIELDS GROUP**

## **GOLD FIELDS PROPERTY COMPANY LIMITED**

(Incorporated in the Rapublic of South Africa) (Registration No. 01/01078/06)

PRELIMINARY ANNOUNCEMENT OF RESULTS

30 June 1986 30 June 1985 R000 12,761 REVENUE 5,320 875 Income from rent and sale of property ... Income from investments . Surplus on realisation of investments/ mineral rights
Income from gold tributes, dumps, laterest
and other sources 965 1,200 4,050 2,040 9,435 1,735 12,726 EXPENDITURE ..... 1,976 38 1,698 37 Administration, property and general ...... PROFIT BEFORE TAX ..... 7,700 2,783 4,917 305 5,222 5,100 Dividends declared: 3,067 2,454 920 1,534 2,962 2,646 122 133 Unappropriated profit, carried forward... 59 Earnings per share—cents
Dividends—per share—cents
Times dividends covered Net assets (as valued) per share-cents ... ANNUAL REPORT

The annual report will be posted to members is September 1986.

DECLARATION OF FINAL DIVIDEND Dividend No. 127 of 18 cents per share in respect of the year ended 30 June 1986 has been declared in South African currency, payable to members registered at the close of business on 29 August 1986.

Warrants will be posted on or about 30 September 1986.
Standard conditions reloting to the payment of dividends are obtainable from the shere transler offices and the London Office of the

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 29 August 1986 in accordance with the

The register of members will be closed from 30 August to 5 September 1986, inclusive.

lusive.

By order of the Board
per pro CONSOLIDATED GOLD FIELDS PLC
Londoa Secretaries
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INTERNATIONAL THE FT EVERY FRIDAY

5t James's Square London 5WIY 4AG

12 August 1986

Commodities

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Head Office: 55 Collins Street, Melbourne, Victoria 3000, Tel: 1031 p58 2955. Th: AA 39920 U.K./Enrope: ANZ Global Treasury: 55 Grarechurch Street, London EC3VOBN.

Tel: 01-290 3315 (Enquir)es) Tia: 037111 Seuter Monitor Code; ANZX.

#### RBC GILTS

ANNOUNCE

#### **TAPS**

The authoritative daily gilt market commentary on REUTERS. Updated constantly, TAPS is fast and first with the views on news. TAPS is written by Christopher Dunn of RBC Gilts, gilt-edged market makers from October 27.

Turn on TAPS throughout the day

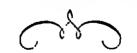
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The TRADAMATIC™ Currency, **Metals & Financials Portfolio** 12 months ending December 30th 1985

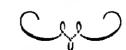
\$50,000 Portfolio \$5,000 Syndicate Share Gained \$64,000 to \$114,000 net "128% net" 6 months ending June 30th 1986 \$5,000 Portfolio \$5,000 Syndicate Share Gained \$36,000 to \$86,000 net Gained \$3,600 to \$8,600 net \* 72% net

 Individuel Portfolios from \$50,000 Syndicate Shares from \$5,000. Pull Information, Trading Records and Analysis From: International Invests Research Corporation, 37 Hill Street, St. Heller, Jersey, Channel Islands Telephone: 0534 79681 Tolex: 4192185.

## **METALS** and METAL TRADING



The Financial Times is proposing to publish a Survey on Metals and Metal Trading on Tuesday, October 7, 1986



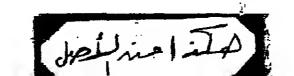
For further information, please contact:

COLIN TENNANT

Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Tel: 01-248 8000 Telex: 885033

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day August 14 Financial Times Wednesday August 13 1986

17.

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#### Account Dealing Dates

Account Dealing Dates
Option
First Declara- Last Account
Dealings tions Dealings Day
July 28 Aug 7 Aug 8 Aug 12
Aug 11 Aug 28 Aug 29 Sept 8
Sept 1 Sept 11 Sept 12 Sept 22
"New-time" dealings may take
place from 9.30 am two business days
earlior.

Revived interest rote bopes together with the continuing effects of Monday's good news about lower raw material costs were a further sbot in the arm for London stock markets yester-

were a further sbot in the arm for London stock markets yesterday. Equities returned to centrestage as the previous session's besty buying of gold and platinnm-elated issues petered out, leaving prices at the marcy of profit-taking.

The possibility of a co-ordinated reduction in American and European interest rates next month was the latest stimulant. It triggered slightly cheaper rates for commercial credit which left the key three-month interbank rate below the current level of hase landing rates. Sterling meanwhile continued to benefit from last month's sharp fall in producer input prices, and its impact on inflation.

Wall Street's hest rise for some time — tha Dow Jones index spurted 28 points overnight on cheaper money hopes — was a further incentive for investors. Institutional and US operators were active and just when the price advance seemed to be flagging, interest was revitalised by Unilever. The group announced a mid-term earnings rise of around 20 per cent and helped to restore confidence over the corporate profits' outlook which was severely dented throughout the past week.

Demand for stock was per-

Demand for stock was per-Demand for stock was persistent and eventually exerted a squeeze on dealers' book positions. This gave the market added momentum and many laoding shares scored double-figure gains. The FT indices touched their highest levels within the first bour but after retracing their steps by some 5 points went higher again late. A firm New York opening yesterday aroused fresh optimism and the FT-SE 100 share closed 15.4 up on halance at 1558.2. The FT Ordinary share index regained

the FT.SE 100 share closed 15.4 up on halance at 1558.2. The FT Ordinary share index regained 13.3 more for a two-day rise of 24.6 to 1242.0.

Government securities were also in confident mood. Longer maturities rose nearly a point on renawed and more wide-spread support, before tap stock considerations stifled interest. The outhorities accepted a bid of 23½ for supplies of the stock, partly-paid Treasury 8½ per cent 2007, but remained a seller at that price; the issue was activated for the first time oo Monday at a cut price of 23½. Potential buyers them withdrew and the longs slipped back to end around ½ higher on the day. Selected low-coupon shorts progressed on light demand from high tax-payers.

Cleavers up 22am

#### Clearers up again

Clearing banks continued to make good progress. NatWest were again popular at 507p, up 10, while Barclays ended a similar amount dearer at 467p as did Lloyds at 403p. Elsewbere, Heary Ansbacher continued to reflect the good interim figures with a risa of 3 to 79p, while because attracted buyers and

**EQUITY GROUPS** 

& SUB-SECTIONS

Building Materials (26) Contracting, Construction (31) Electricals (12)

Brewers and Distillers (22) ... 

OTHER GROUPS (80)
Chemicals (20)
Office Equipment (4)
Shipping and Transport (13).
Telephone Networks (2)
Miscellaneous (49)
INBUSTRIAL GROUP(483).
OU. C. C. C. C. T. T.

Merckant Banks (12)... Property (50)... Other Financial

FT-SE 100 SHARE INDEX 4.

**FIXED INTEREST** 

Electronics (381 ... Mechanical Engineering (61) ... Metals and Metal Forming (7).

Stores (38) ... Textiles (37)... Tobaccos (2)... OTHER CROUPS (86) ...

# Interest rate hopes give markets a further boost

Mercury International put on 5 at 340p and Schroders appreciated 8 at 616p Among Hire Purchases, Equity and General Improved a penny more to a 1986 peak of 30p on speculative buying fuelled by rumours of a stake changing bands.

stake changing bands.

Renewed support in enticipation of today's interim figures helped Commercial Union gain 7 more at 306p. General Accident, which also reported baif-yearly figures today, hardened a penny at \$12p. GRE put on 4 at \$29p, after \$37p, and Royals added 5 at \$24p, after \$34p. Lloyds Brokers were featured by a speculative gain of 9 in Hogg Robinson, at 310p, as takeover hopes revived.

Tha impending Monopolles Commission investigation into

Tha impending Monopolies Commission investigation into the supply of beer for sala in licensed premises continued to overshadow leading Brewerias. Guinness, however, provided a noteworthy firm feature, rising 10 to 317p amid reported US support. Elsewhere, Matthew Clark dipped 10 to 505p after revealing preliminary results below most market expectations.

Leading Building issues took

below most market expectations.

Leading Building issues took a distinct turn for the better as interest rate optimism revived. Prices generally closed at the day's highest levels with Taylor Woodrow 15 up at 320p and George Wimpey 4 better at 205p. Redland firmed 7 to 413p, as did BPB Industries, to 505p. Tarmac improved 5 to 454p, while Marley, interim figures expected on August 27, added 3 to 111p. Bine Circle, a dull market recently on worries about cheap Greek cement imports, rallied 6 to 546p, while RMC moved up 10 to 650p. Elsewhere, Bryant Holdings attracted buyers at 113p, up 6, while USM-quoted Tay Homes gained 16 to 163p on takeover hopes.

hopes.
ICI touched 995p on a combination of domestic and overseas & mand before easing to close a nat 19 up at 990p. Elsewhere in Chemicals, Wardle Storeys revived with a gain of 11 at 328p, while Allied Colloids picked up 7 at 196p.

Early news of the agreed 3.6p cash bid from Sears saw Blacks Leisure drop to a new low of 3p before closing 3 down on balance at 4p. Martin Ford touched 68p before closing a couple of pence dearer at 66p following details of the property disposals and acquisition of Barrie Menswear for £1.1m. W. H. Smith "A" added 4 at 274p and Freemans appreciated 6 at 430p. Among the quietly firm Store leaders, Laura Ashley regained composure after the recent spate of nervous selling caused by rumours of a pending adverse circular, rallying 5 at 186p, after 189p.

**FT-ACTUARIES SHARE INDICES** These Indices are the joint compilation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries

Tuesday August 12 1986

3.55 3.75 3.80 4.38 2.82

9.85 9.19 7.96 8.63 9.97 9.11 9.25 6.83 9.79 9.16 6.45 5.57 7.78 7.29 6.99 11.05 11.71 11.71 11.71 11.75 11.75 11.75 11.75

14.10 13.68

17.15 15.18 13.37 12.38 13.99 12.48 17.48 15.66 12.59 14.33 21.20 14.59 17.90 19.44 11.41 8.07 14.28 12.70 15.86 15.86 15.86 15.86 15.86 15.86 15.86 15.86

1173.67 +1.1 7.96 3.89 17.15 17.36 1179.99 1182.07 1176.58 1337.72 1516.65 -8.3 9.97 2.82 13.37 25.23 1521.29 1508.60 1527.27 1634.51 334.07 -8.4 9.11 4.10 13.99 5.18 334.25 323.64 326.00 200.65 1212.97 +1.3 6.87 3.26 17.48 13.99 5.18 334.25 323.64 326.00 200.65 1212.97 +1.3 6.87 3.26 17.48 18.94 122.52 1200.00 1200.50 917.16 894.18 +1.5 8.03 3.31 15.06 14.25 880.69 874.18 871.55 879.13 631.60 874.18 +1.5 8.03 3.31 15.00 14.25 880.69 874.18 871.55 879.13 631.60 876.25 +1.8 9.36 3.55 14.53 13.11 664.53 673.05 879.13 631.60 866.37 +1.8 9.36 3.65 14.33 13.11 664.53 673.05 879.13 631.60

| Index | Day's | Day's | Day's | Aug | Au

Day's Change

+9.8 +0.9 +1.1 +0.5 -0.3

679.35 769.94

1193.07 1779.61 1516.65

	Apq	Ano	Aba	Asig	Ass	YES	19	86	Since Co	mpilation
	12	n	8	7	6	290	High	Low	High	LOW
vernment Secs	89.17	88.98	88.86	88.06	89.03	83.58	94.51	80.39	127.A (9/1/35)	49.18
ed interest	95.76	95.63	95.77	95.76	95.87	88.58	97.68	86.55 (23/1)	105.4	50.53 (2/1///5)
kary ♥	7,242.0	1,228.7	1,217A	1,221.5	1,253.7	959.6	1,425.9	1,094.3	1,425.9 (3-486)	49,4 (26/640)
id Milaes	232.9	298.0	202.9	1943	193.3	343.5	357.0	185.7 (18.7)	734.7	43.5 (2600071)
1. Div. Yield	4.42	4,47	4.51	4.50	4.46	4.88		S.E. A	TIVITY	
rnlags Ykl.%(fbfl)	10.72	10.56	10173	100/201	Die.	13.52	In	fices	Acg.11	B.guA
E Ratio (set) (*)	11.38	11.23	11.35	11.18	11.28	10.26	Gift Edged	Barcains	101.7	95.2
tel Bargales (Est)	20,816	22,098	19,683	16,787	22,439	22,995	Equity Bary	pins	116.6 854.7	12801
nity Tornover Ent	-	422.85	633.34	544.57	486.33	347.54	5-Day Ave		The same of	1200.1
ny Seryeko		17,997	22,264	20,894	19,454	20,019	Title Barrel	-	131.3	131.1
aris Traded (cni)	-	200.1	302.5	271.8	225.3	180.0	Equity Barg Equity Valo	e	1084.7	1098.1
	10 a.m.		a.m. 38.5	Noon 1239.9		p.m. 241.1	2 p.m 1240.		p.m. 241.5	4 p.m. 1241,4

put on 7 to 312p, but Ferranti, a recent bld favourite, drifted off to close 5 cheaper at 105p. Dataserv hardened 3 to 180p on news of the proposed acquisition of Compel Group for £42m, whila revived speculative demand left Sunleigh a penny firmer at 29\forall p. Engineers provided several noteworthy movements. Weir Group, due to report interim figures on August 27, met with persistent buying and advanced o 7.69 per cont stake in the company. Pentland, interim figures due on August 28, were supported and put on 20 to 430p, while Bestwood closed 23 higher at 608p following half-year results expected early in September, put on 6 further to 185p. G. M. Firth responded to the satisfactory preliminary statement with a gain of 2\forall to the good at 53p, but the half-year loss left at 53p, Hopkinsons were supported at 232p, up 12, along with Delta, 7 to the good at 183p, Dealings were temporarily suspended in SW Farmers at 24p pending ings were temporarily suspended in SW Farmers at 24p pending clarification of the company's

clarification of the company's position.

Foods staged a technical recovery. J. Sainsbury picked up 6 at 374p and Asda-MFI improved 4 to 134p. Traded option activity in the wake of a recent broker'a lunch with the company boosted Tesco 7 to 385p, while revived takeover hopes lifted Bejam 6 to 164p. Dee Corporation rose 10 to 250p. Elsewhere, Ranks Hovis McDougall gained 11 to 245p on takeover bopes, while Hillsdown Holdings rose 12 to 292p largely reflecting the efforts of a single buyer following talk of 8 broker's recommendation. Unigate revived buyer following talk of 8 broker's recommendation. Unigate revived with an improvement of 9 at 277p and Associated British Foods firmed 6 to 306p. Late support lifted Fitch Lovell 11 to 245p. Elsewhere, further buying in 8 restricted market lifted Meadow Farm Produce 15 to 245p.

Eleco advance

Eleco, reflecting tha increased offer from Whitecroft, advanced 11 to 146p. Elsewhere in miscel-

Fri Aug 8

No.

11.48 673.81 671.35 672.05 517.84
13.70 763.23 767.93 763.57 532.64
19.36 1179.80 1182.07 1175.58 815.77
36.35 1762.55 1744.54 1744.40 1347.72
25.23 1521.29 1508.40 1527.27 1434.51
7.31 375.15 373.83 373.44 286.77
3.18 334.26 323.64 326.00 200.69
3.78 276.71 273.79 272.26 157.53
18.44 1202.52 1200.80 1200.59 173.16
14.25 880.69 874.18 873.50 665.77
14.78 874.34 871.68 879.13 631.64
13.11 664.53 658.70 657.77 485.25
27.42 1764.65 1763.37 1575.35 1602.45
22.12 893.92 883.12 884.40 649.48
48.55 2445.65 2019.81 2421.69 1769.94
7.11 448.01 448.37 445.52 354.51
10.89 839.18 827.74 824.69 676.52

Mon August 11

10.93

Year ago (approx.)

Thers Aug 7

index No.

Components closed 7 higher at 340p following the interim figures and proposed acquisition of TKR Group. Among the leoders, damand persisted for Beecham which touched 398p before settling 11 to the good at 396p. Glaze rose 23 to 983p, while Uniterer, reflecting hetterthan-expected half-year figures, put on ½ to £18.

shares. Egeron gained 7 to 89p, while Abaco and the Hilsdown and statement at the annual meeting. Firmer conditions persulated 2 more to 73p.

Traded Options

Trade 2 more to 73p.

Far eastern orientated issues ment at the annual meeting. Firmer conditions persulated with the formation of a single statement at the annual meeting. Firmer conditions persulated with the statement at the annual meeting. Firmer conditions persulated and statement at the annual meeting. Firmer conditions persulated a statement at the annual meeting. Firmer conditions persulated a press mention. Buyers also discovered by the following a pressulation international to the formation of the proposed of \$4p\$ following a pressulation international to the formation of the proposed of \$4p\$ following a pressulation international to the formation of the proposed of \$4p\$ following a pressulation of the proposed of \$4p\$ following at the

ahead of Monday's interim figures.

Good Relations met with nervous selling and dropped to a new low of 85p at ona stage before closing 8 couple of pence easier on balance 8t 95p on the announcement that seven members of the group's corporate communications unit, including main Board director Mr Jeremy Wyatt, had resigned; the interim figures are scheduled for tomorrow. Elsewhere in Paper/Printings, Saatchi and Saatchi closed 5 better at 700p, after

**NEW HIGHS AND LOWS FOR 1986** NEW HIGHS (60)
BRITISH FUNDS (2) Exch 2\*-po 1986,
Exch 2\*-pc 1987. AMERICANS (4)
Browning-Ferris, FPL Group, Fairmont
Finenciel, Southwestern Bsill. CANAILANS (1) American Barrick Res.
BANKS (1) Equity & Gan. Buildings
(2) HAT, Tay Homes. CHEMICALS (5)
Amembern Inst. Engalherd, Perstorp
AB B, &cherine AG, Thurgar Bardex.
LECTRICALS (3) A5EA AB A. 00. B,
Sherwood Computer. ENGINEERING
(1) Lee (Arthur). POODS (3) Tesco
Do. Spc Crv Ln 2002-07. Wessanen
(Kon). INDUSTRIALS (7) Astm AB,
Electrolux, Hay (Normen), Hutchison
Whempos, Thomson T-Line, Unitever
NV. Worcester. NEWSPAPERS (2)
EMAP A, Musterlin. PROPERTY (1) NEW HIGHS (60)

Wernford Inv. THUSTS (24). PLAN-TATIONS (1) Grand Central Inv. MINES (3) Brunswick, Highwood Res. Northgate. NEW LOWS (21) NEW LOWS (21)
FOREIGN BONDS (1) Hungery '24 Aas.
STORES (3) Benzille, Blacks Loisure,
Stornes (3) Benzille, Blacks Loisure,
Stornes (3) Benzille, Blacks Loisure,
Stormgerd, ELECTRICALS (1) Murray
Électronics, HOTELS (1) Aberdeen
Btesk Houses, INDUSTRIALS (7)
Brown & Tswse, French (Thomas),
Hewiley Group, Lep Group, Russell
(A.), Storehill Hidge, Tineley (Eliza),
LEISURE (1] Medis Tech Ind., PAPER
(2) Good Relations, JWT Group Inc.
PROPERTY (1) Rush & Tompkino,
SHOES (1) Genar Booth, Oll& (1)
Ultramsr. MINES (2) Musto Explns,
Nsw Sabine Res.

710p, on further consideration of

The Property leaders displayed modest gains. Occasional huying interest left Land Securities 3 better at 316p and MEPC 2 dearer of 325p. Peachey hardened a penny to 287p as did Slough Estates, to 166p. Secondary issues faatured Warnford Investments which gained 40 to 655p in 0 restricted market following Press comment highlight.

BASE LEN	DING RATES
a.	e.
ABN Bank 19 Allied Arab Bank Ltd 19	Exeter Trust Ltd. 163 Financial & Gen. Sec. 10
Allied Arab Bank Ltd 19	Financial & Gen. Sec 10
Allied Dunbar & Co 19	First Nat. Fin. Corp 11
Allied Irish Bank	First Nat. Sec. Ltd
American Express Bk 10	Robert Fleming & Co 18
Amro Bank 19 Henry Ansbacher 18	Robert Fraser & Pirs 11
Henry Ansbacher 19	Grindlavs Bank 410
Associates Cap Corp 19	Grinness Mahon19
Banco de Bilbao19	Hambros Bank     Heritabla & Gen. Trust
Bank Hapoalim 10	Heritabla & Gen. Trust 19
Bank Leumi (UK)	
Bank of Cyprus 19	C. Hoare & Co
Bank of Ireland 19	Hongkong & Shanghai 19
Hank of India 10	Knowsley & Co. Ltd 101/
Bank of Scotland 10	Liovos Bank
Banone Reige Ltd 18	Mase Westner I.M 10
Barelays Bank	Mechrai & Some 7 57 16
Henchmark Trust Ltd 48	Midiend Deals 46
Beneficial Trust Ltd 11	Worken Grentell 10
Berliner Bank AG 16	MUUIII Credit Corts. Lin 18
Brit Bk of Mid Rost 10	National Bk. of Kuwait 10
Brown Shipley 19 CL Bank Nederland 19	National Girobank 19
CL Bank Nederland 19	National Westminster 10
Canada Permanent 16	Northern Bank Ltd
Cayzer Ltd10	Norwich Gen. Trust 10
Cedar Holdings 11	PK Finans, Intl (UK) 194
Charterhouse Rank 18	Provincial Trust Ltd
Citibank NA 19	R. Raphael & Sons 19
Citidank Savinds 116%	Roxburghe Guarantee 11
City Merchants Bank 19	Royal Bank of Scotland 19
Clydesdale Bank 19	Royal Trust Co. Canada 18
Comm. Bk. N. East 10	Standard Chartered 18
Consolidated Credits 10	Trustee Savings Bank 10
Continental Trust Ltd. 19	UDT Mortgage Express 116
Co-operative Hank +10	United Bank of Kowsit. 18
The Cyprus Popular Bk 10	United Mizrahi Rank. 10
Duncan Lawrie	Westpac Banking Corp 10
E. T. Trust 11 Equatorial Tst Corp. pic. 10	Whitesway Laidlaw
redrigger as Coab ble 10	Yorkshire Bank 10
<ul> <li>Members of the Accepting Houses Co</li> </ul>	ommittee. * 7-day denotits 5 60%. 1
MUNIC 0.0376, 100 1164	at 3 months' notice 0.7294 As and
WHEN ELVANOT PEmains deposited t	Call denosite &T 000 and new 41.44
gross. ¶ Mortgage base rate. § Der	mand deposit 5.82%, Mortgage 11%

centrol, half-timer due on Friday, eased 3 to 58p. Renewed buying on expansion hopes belped Tozer Kemsley touch 180p bid at one stage before closing an active session 5 dearer at 170p. Elsewhere in Overseas Traders, James Finlay added 6 at 84p.

overseas Traders, James Finlay added 6 at 84p.
Plantations were featured by a fresb speculative rise of 4 in Grand Central to 2 new peak of 70p; the shares have now risen from around the 50p level in o couple of weeks following an investment recommendation.
Mining markets, the subject of considerable excitement on of considerable excitement on Monday as renewed fears of possible disruptions to South

Monday as renewed fears of possible disruptions to South African preclous metal supplies stimulated widespread enthusiasm throughout the list, put on a much more composed performance yesterday.

Both Gold and Platinum lost modest ground — the former settled \$2.75 lower at \$348.25 an ounce, whila Platinum was fixed \$8 cheaper at \$536.5 an ounce during the afternoon—and share quotations of metal producers gave ground accordingly.

The absence of follow-through interest from New York coupled with sporadic profit-taking of leading Golds from Jobanneshurg — many counters were standing at all-time highs in Rand terms — led investors elsewhere to realise often substantial short-term profits. Dealers reported more stable conditions, however, and losses among beavyweights were restricted to o counte of points, as in Vaal Reefs. £41½. Among the more marginal mocks, Direfemters and Elm and Elandsrand, 3550, 710p, on further consideration of the hoard's proposed listing on the Tokyo Stock Exchange. Renewed speculative huying prompted gains of 6 and 10 respectively in DRG, 272p, and BPCC, 276p, while Abbott Mead Vickers pnt on 6 at 218p and Boase Massimi gained 7 ot 267p.

in Vaal Reefs. £41]. Among the more marginal stocks, Driefontein, £12p. and Elandsrand, 355n, gave up 38 and 18 respectively, while Marlevale dinbed 12 to 73b. The FT Gold Mines index fell 5.1 to 232.6.

Australians lost ground as London mirrored dull conditions in overnight Sydney and Melbourne markets. Reports that a number of institutional port. bourne markets. Reports that a number of institutional port-folios were being offered for sale depressed leading diversified counters with Western Mining 9 cheaper at 145p. Similar losses wore recorded by Peko-Wallsend, 220p. and CRA, 236p. Australian Golds, heavily sup-ported recently, reacted to Australian Golds, heavily supported recently, reacted to cheaper bullion. Gold Mines of Kalgoorlie, 450p, and Central Norseman, 428p, closed 20 and 40 lower respectively, while Poseidon fell 13 to 113p. Sons of Gwalia eased 11 to 237p, while Whim Creek shed a coupla of pence to 125p following the second quarter figures.

655p in o restricted market following Press comment highlighting hid prospects. Sonthend Stadium found support at 136p, np 5 and Centrovincial Estates gained 12 to 162p, Arlington Securities rallied 5 to 160p and Edmond Holdings in roved 2 to 201p. Buyers continued to show interest in Frogmore Estates which firmed 6 to 168p, but Rush and Tompkins slipped 3 to 242p following details of an 28.1m rights issue of convertibla preference shares. Egerton attracted revived demand and gained 7 to 89p, while Abaco added 2 more to 73p.

Far-eastern orientated issues

Series   Vel.   Lies   Vel.
Series Vel. Lies Vol. Lies Vel. Less Block  COLD C \$240 \$21 \$38 \$3 \$3 \$4 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$455 77, 37 \$4 \$4.00  COLD C \$350 \$25 \$5 \$5 \$1 \$1.00  COLD C \$350 \$25 \$25 \$25 \$25 \$25 \$25 \$25 \$25 \$25 \$25
COLD C
STATE C 250 12 25 20 33 FLAGA  STATE C 350 1
SILV C  GF1 C  GF1 C  GF1 C  F1346  GF1 C  F1255  F2 S  SF1 C  F1256  F2 S  SF1 C  F1256  F2 S  SF1 C  F1256  F2 S  F2
ASN C F1.640 226 13.000 250 2539 25 25 74.337  ABN F F1.600 116 6.300 4 9.506 10 12  AEGN F F1.000 124 9.400 13 12.50 2 14.50 12  AEGN F F1.000 132 1.500 25 12.50
ABN C
TOTAL VOLUME IN CONTRACTS: 51,435

#### TRADITIONAL OPTIONS

First Last Last For Trust, European Ferries, Carr Deal- Declaras Settleings ings tion ment mar, Hawley, Imperial ConAug 18 Sept 5 Nov 20 Dec 1
Sept 6 Sept 19 Dec 4 Dec 15
For rate indications see end of Unit Trust Service
Money was given for the call of Mariborough Property, Centrovincial Estates, Hepworth Argyli Group and Abbey Life.
Ceramic, Raine Industries, No puts or doubles were Samnelson, Amstrad, Asset reported.

#### RISES AND FALLS YESTERDAY

irijeh Funds Jarpne, Dom, & Fomign Bonde	Rises 86 8 449 201 16 5 37	Felfs. 3 206 51 19 3 59 52	\$200 46 46 362 327 7 50
otal	900	394	1,539

#### **MONDAY'S ACTIVE STOCKS**

	No. of	Mon o	Day's	proces in Se Omic	No. of	Man's	Day's	
Stock	changes		change	Stock	changes		change	
IWost 8	mk 19	497×d	+11	Jaguar	14	530	+ 7	
	16	385	+10	Johnso Matthey		216	+ 27	
	16	353	+12	Pilkington Bros.	. 14	413	+ 5	
cos Indo.	.m. 15	623	+10	Royal Ins		B19	+77	
•×0		960	+12	Lee (Arthur)	13	78	+ a	
*********	14	971xd	+ 5	Loncho	. 13	209×d	+ 12	

#### YESTERDAY'S ACTIVE STOCKS

	Above averege a	ctivity w	as noted	in the following stocks	vesterda	
i		Closing	Day's		Closing	De:
ı	Stock	price	chango	Stock	Price	CUDI
ı	Ashley (Laura)	186	+ 5	Courtaulds	260	+ :
		31B	+ 3	General Accident		+
ı	Beecham	396	+11	Glaxo	983	+2
	Boots	21B	+ 3	ici	990	+1
	Coets Viyelle	480	+ 2	Samuolson Group		***
1	Commercial Union	306	+ 7	Unilever	FIR	-

#### **LONDON TRACEO OPTIONS** PUTS CALLS PUTS Oct. Jan. Apr. Oct. Jan. Apr. Ang. Nov. Feb. Ang. Nov. Feb. 20 30 40 10 13 13 9 13 23 30 53 37 2 0 13 57 60 63 - 10<sub>2</sub> 5 - 27 50 33 49 47 95 105 50 65 10 37 420 57 460 30 500 12 550 5 77 12 55 54 -- 67 -- 105 25 36 11 15 18 25 25 28 30 38 44 4 6 16 27 34 11 15 5 17 22 50 32 108 110 112 77 60 57 | Sap | Dec | Mar | Sap 30 6 9 11 18 17 19 29 - 36 36 -45 - 25 16 29 - 25 42 -16 24 7 13 3 6 27 7 12 30 47 72 15 27 30 N Bine Circle (\*546) 3 14 15 27 42 47 49 26 12 | Aug | Nov | Mar | Aug | Nov | Mar | 200 | 12 | 20 | 31 | 3 | 0 | 11 | 220 | 4 | 19 | 21 | 9 | 13 | 19 | 220 | 236 | 1 | 30 | 2 | 26 | 29 | 20 | 20 | 20 | 36 | 15 82 I 37 18 20 47 2 6 9 14 15 21 32 52 34 Option FT-SE 1525 hates 1550 (\*1550) 1575 1600 1625 1650 1475 28.23 75 100 110 120

1986 1986 to date Mor August 11 ज्ञां क्यों. रिक्टिश 8.32 9.20 9.25 9.55 9.66 9.66 9.51 9.66 9.51 9.52 10.16 10.16 10.53 10.16 10.55 10.26 10.28 4 Medium Coupons 6.89 1 5 years 322.64 +0.14 122.47 6 7 High B Compons 2 5-15 years .. 140.99 +0.26 140.62 8.10 148.61 +0.40 148.22 8.13 Over 15 years. 163.99 +0.02 163.95 7.27 237.31 +0.24 136.98 7.77 113.92 6 5 years. 7 Over 5 years ..

11 Inflat's rate 5% 5 yrs... 12 Inflat's rate 5% Over 5 yrs... 13 Inflat's rate 10% Over 5 yrs... 14 Inflat's rate 10% Over 5 yrs... 174 158 254 131 115.71 -0.61 115.73 -2.18 8 All stocks 115.36 -0.01 115.37 2.00 9.88 10.56 18.57 9.88 30.50 5 years....... 15 years...... 11.54 11.32 11.23 6.73 9 Debestures & Lance ... 119.57 +0.39 118.91

#Opening Index 1554.3; 10 am 1556.7; 11 am 1555.4; Neon 1555.4; 1 pm 1557.8; 2 pm 1556.9; 3 pm 1558.4; 3.30 pm 1558.5; 4 pm 1557.8 † Flat yield. Highs and lows record, base dates, values and constituent changes are autilished in Saturday issues. A new list of constituent changes are autilished in Saturday issues. A new list of constituent changes are autilished from the Publishers, the Financial Times, Bracken House, Campo Street, London EC4P 48Y, price 15p, by post 25p.

## WORLD STOCK MARKETS

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ì	AUSTRIA  Aug. 12 Price + or Aug. 18	NORWAY   Price   + or   Aug. 12     Kroner   -	AUSTRALIA (continued) [APAN (continued) Price + or Price + or Aug. 19 You	CANADA
	Gredit net'it pp 2,320 : -10 AEG	Dm Bergans Bank 105	Gon. Prop. Trust: 2.7 , -0.84 Mill	Sales Stock High Low Classe Ching
	Jungburztauer 12.100 +170 Bayor Parimocser 100 +5 Bayor Bayo	283.5 —3.8 EKOM	Herald Wytimes' 8.18 '-0.64 Mitsut Estate	TORONTO 44078 Common \$131, 127, 127, -19 80530 Labert \$245, 241, 241, -19 5500 Scotts 1 \$180, 381, 393, 71, 160 Computing \$5 5 3 -19 85184 Litter \$27, 241, 245, -3, 600 Scotts C \$394, 394, 394, -19
	Veitschor Mag 10,790 —160 BHF.Bank	530 Norsk Data 200.5 +7	Kidston Gold	August 12 21211 Con Bath A \$23 222, 223, 5750 Laidler A \$338 239, 231, -1, 3451 Souts Can 513 124 171, -1, 1100 Chesto B 1 \$50, 01, 61, 43, 2500 Laidler B 1 \$221, 224, -1, 1256 Shell Can \$231, 211, 224, -1, 1200 Cont Cas \$271, 272, -1, 57750 Levol trial \$50, 50, 51, -1, 18850 Shortht \$50, 81, 50, -1
1	Aug. 12 Price - or Damier Bonz	384 -4 1,846.5' -3.5 476 +5 SPAIN	Nat. Aust. Bank., J. 3.18   -0.6   Niepon Kogaku.,   908   -4   News   22   -0.5   Niepon Kokan.,   243   +9   Niepolas Kiwi   3.1   +0.1   Niepolas Kiwi   3.1   +0.1   Niepolas Kiwi   1.120   +10	2100 Aperiord 490 480 480   1650 CTL Bank 5100g 101g 101g 101g + 1, 36280 Lamonics 5121g 111g 175g + 5g 5660 5001 Acto 1 575 241g 25 13750 Aprilor Pr 5221g 221g 221g 221g + 1g 24 Conemi B 581g B1g B1g 12901 MATC 573g 77g 77g + 1g 4100 Stouting A 1 \$45 44 443g + 51
':	B.B.L. 3.240 +80 Deutscha Bank Bank Bank Bank Bank Bank Bank Ban	925,8 -1.0   Price   + cr	Oakbridge 0.8   -0.05   Nippon Steel 189 -6	7700 Abrita En \$12 113, 12 + 3, 1500 Coseta R 100 50 100 8679 Macmitan \$350, 355, 363, +1, 35975 lock R 1 \$241, 533, 34 - 5, 1400 Abrita N \$125, 121, 123, -1, 400 Coseta Lid \$141, 14 143, -5, 40050 Magne A ( \$355, 36), 235, +5, 12521 leria Ain 24 230 231 - 2 2312 Abrita N \$12, 43 + 430 Coseta Lid \$141, 241, -1, 250 Magne A ( \$355, 36), 235, +5, 12521 leria Ain 24 230 231 - 2 2312 Abritan \$12, 123, 123, 123, 123, 123, 123, 123, 1
. :		1120 -10 BGO Exterior 321 +1	Queensland Coat 1.65   -0.01 Nomura 3.040   +13	18701 Asamona 59 57, 9   3000 Czar Ass 140 140 -4   62350 Miles Corp \$61; 814 65, -14   31334 for Dm Bis, \$535, 2316 2316 2310 Asamona 1 \$270 Atop I   885, 814 65, 55, 50 25, 514 51, 515 515 515 515 515 515 515 515 515
	EBES	010 -9 ISCO Vizoaya 1,322 +12 419 -1 Dragados 347.5 +12 507 -2 Hidrola 117 !+1	Kenco	2750 9GR A 58 5 8 -14 1450 Dickman A 1 5813 812 813 -15 600 MCmy Bk 52814 2814 2814 1757 Tracere A 1 546 46 46 600 BP Canada \$2804 2812 2812 -14 173963 Dolasco \$24 2304 2318 -16 33748 Moore \$244 3414 3415 3416 171 Trican R A 105 105 -3
: '1	Genorale Bask   6,060,   KHO	228 +1 Petroleos 349.5 +4 Talefonica 168 +2	Tooth	1 87998 BA Monti \$251, 32 32 4167 0 Textile \$195, 191, 191, 2304 Nt Vg Trco \$27 261, 27 41, 76555 1rCan PL \$161, 161, 161, 161, 161, 41, 19841 Bk NScot \$151, 151, 152, 2218 Domini \$301, 301, 301, 100 Nt CapA 1 \$91, 93, 1825 1ridon A \$252, 37 271, 41, 57597 Belt Can \$381, 371, 38 100 Domonus \$261, 761, 261, 41, 1500 Nticl PA 519 167, 19
,	Petrofise	197.3: +9	Woodsids Petrol. 0.92 + 0.03 Seklaul House1, 250 + 50 Woolworths	49728 Bow Vely 6115 114 115 + 16 177550 Echo Bue 5276 256 265 26 1898 Noten and 1 5126 125 126 + 16 1700 10/200 B \$305 305 305 305 4.5
i,	Noyala 96160	102.0 +0.5 AGA 906 +6	HONG KONG Shienogl	3600 Brailone   150   150   150   12400 Emco   531   302, 31   -1/4   55   NC Orie   510   10   10   5130 Ulster P   13a   13f   13f   -3   559   514   559   514   559   514   559   514   559   514   559   514   559   514   559   514   559   514   559   514   559   514   559   514   5130   513
į	Wagone Lite 5,770 -100 Rosenthal Scharing Siemens	362 -3 Astra (Free) 703 +10 582 +1 Atlas Copco 257 +3 Cardo (Free) 310	Aug. 19 Price + or Sony	158400 CAE \$11½ 11½ 1½ 1½ 900 FCity Fin \$13½ 13½ 13½ 13½ 13½ 13½ 1300 Caped A 1 130 130 130 130 Volcan Ind \$53½ 5½ 5½ 5½ 1000 CCL B 1 \$10 16½ 19 1½ 180 Ford Crida \$149 149 149 14 300 Crelot B 1 305 305 305 5 710 177434 A \$15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½
5	DENMARK  Aug. 12 Price + or Velta.  Verta.  Verta.  Verta.  Verta.  Volta.  Vo	103.3, -1.5 Essette	Chine Light   24.1   -0.4   S'tomo Metal   165   +4	13600 Camp Res 215 205 210 - 15 2600 Cabriar 551, 81, 81, 17550 Permour 5174 17 17 17 14 11016 Woodwid A S64, 64, 67, 67, 67, 67, 67, 67, 67, 67, 67, 67
'i 'i	Andolabankon 319 -8 Baltica Skand 550 10 Cop Handels'nk 351 +3 Oanske Bank 287 -2 Ob Danske Luft 1,380 -40 Aug. 12	S SELICAL CONTROL OF THE SECOND	HK China Gas	170 Can Mail \$16% 16% 16% 2500 Guaph 1 517, 177, 177, 177, 177, 177, 177, 17
	00 Danske Luft. 1,380 -40 Aug. 12	Price + ar Lira - 2 wedish Match. 355 : 407   +1   +1   +1   +1   +1   +1   +1   +	Hit folsprone 33.26 —0.25 Tokyo Gas	991 C Pockus \$181, 18 15 100 Hersher \$271, 211, 771, -14 2850 Prongo 019 185 1876 -14 1600 Closing prices August 11 4600 C Morron \$251, 2476 2476 2476 1470 Hees int \$211, 313, 313, 313, 313, 313, 313, 313,
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	Pirelli Spa	16,750 -70 Alusuisse 5,325 + 15 7,645 + 105 Bank Leu 3,325 + 15 5,349 + 23 Rown Bover L 1,575 + 25 1,575 + 25 1,575 + 25 1,575 + 25	Yamazaki	\$ 150855 Carme A 18 13 14 -21, 23400 inb 7nom \$115, 113, 1115 + 18 8952 Rylnco A \$315, 315, 45, 16400 Possin Corp \$115, 164, 115, 15, 164, 165, 165, 165, 165, 165, 165, 165, 165
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<u>.</u>	Lelarge Coppee	307 +1 05.0 +1 85 +0.3 Aug.18  Price   +01	Green Gross	Trading vol - 108.30s 122.44s 127.51s 153.09s - 108.30s 122.44s 127.51s 153.09s 122.44s 127.51s 122.44s 127.51s 153.09s 122.44s 127.51s 122.44s 122.45s
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	Moutinex	163.5 - 1.5 Ashton 1.58	Jusco	STANDARD AND POORS   GERMANY   FAZ Aktien (31/12/68)   665.48   665.40   648.45   627.50   753.88 (17.4)   563.82 (22.7)
	Printemps (Au.) 586 +1 Rodemon Radio tech	1 63.2 +1.2 Borgainville, 9.85	* Kobe Steel - 185   +5   00 Seers	Aug
ri is	Roussel-Uglaf	305 -4 Burns Philip 6.7 5.66   +0.0	2 Kumagel	Compasing 241.42 240.58 236.08 277.04 236.04 237.03 252.78 209.48 252.70 4.48 Hikkel (16/5/45) 17794,7 17479,1 17485.68 17422,4 18050.55 (25/7) 12891.5 (21.1)
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	NOTES - Prices on this page ore as quoted or exchanges and are lest traded prices. S Desire, at Ex dividend, at Ex scrip leave, at Ex rights, as in Kroner.	n the individual Consolidated Pat 0.11 -0.6 ge supponded. Costein Aust 2.0	86 M bishi Gorp 930 -10 SA Brews 18.5 +0.25 930 -10 Smith (GG. 29 -	Ind div yield No
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	Continued from Page 31 Results RoyPys	(Hads) 40e 946 46 451- 455a Soutrat 68 70 524 3414 3334 34 - 14 Sovrgn .10	(finds) (finds	NYSE-Consolidated 1580 Actives Jacobson & P   81/12/681   2620,52   2561,88   2538,39   2526,74   2628,62   112-81   1729,57   (29 1)
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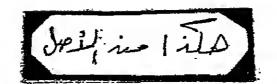
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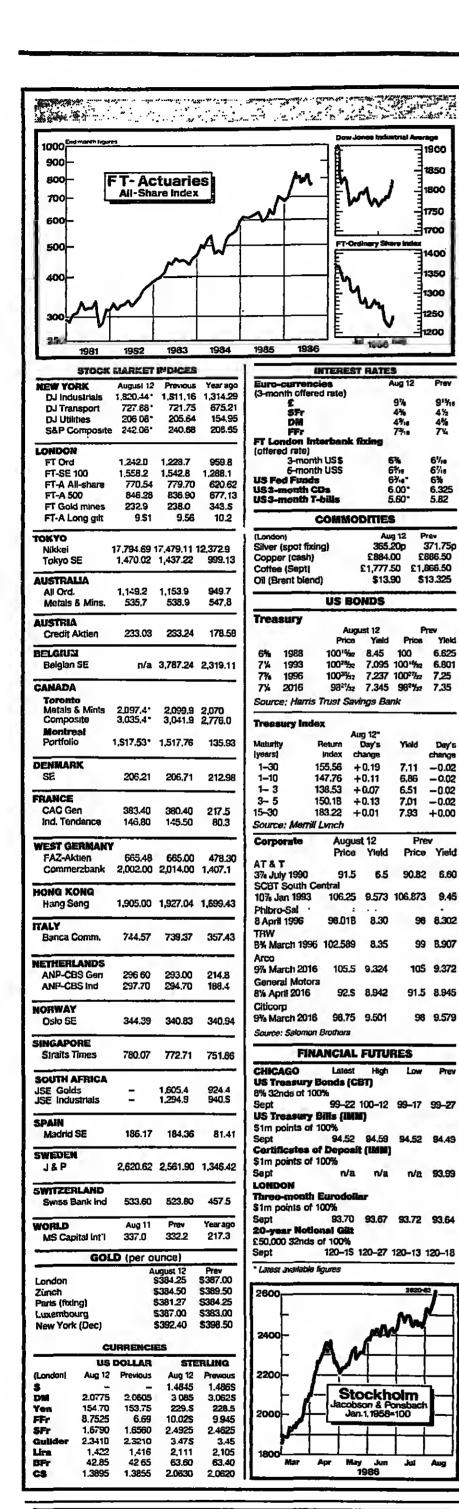
# NYSE COMPOSITE PRICES

## **AMEX COMPOSITE PRICES**

Prices at 3pm. August 12

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# FINANCIAL TIMES WORLD STOCK MARKETS



WALL STREET

# Caution as rate cut hopes fade

THE REJECTION of hints in Washington and Frankfurt that global interest rates would be cut forced a more cautious mood on Wall Street yesterday, writes Terry Byland in New York.

At 3pm the Dow Jones industrial average was up 9.28 at 1,820.44.

A rally in airline issues lifted the Dow transportation average, and the Dow utilities average was firm on interestrate hopes.

Professional traders appeared somewhat sceptical of the sudden upsurge in the stock market on Monday. Investors seemed ready to sell stock into the rally, and analysts forecast that the recovery in the Dow was unlikely to go much further unless there was a new development in global interest rates.

The major market indices were again helped hy firmness in the Detroit motor stocks, which were recommended this week by an analyst at First Boston, Ford was most favoured, adding a further \$1% to \$58 in brisk turnover.

Geoeral Motors, attracting mixed press reviews of its recent progress, put on only \$% to \$71%. At \$39% Chrysler gained \$%.

Technology stocks looked less sure of themselves as a bearish report on microchip orders from the Semiconductor Industry Association took the shine off Motorola, down S¼ at \$39%, Texas In-struments, \$% off at \$111%, and National Semiconductor, down \$\% at \$9\%.

Among the computer mainframe manufacturers IBM, also meeting mixed reviews in the investment press, edged up \$% to \$131%. But profit takers moved in on Digital Equipment, still Big Blue's nearest rival until the new Sperry-Burroughs merger comes on stream, trimming the stock price by \$% to \$95%. Burroughs at \$70% added \$%, and Honeywell gained 5% to \$65%.

A hatch of trading reports from the nation's retailers, headed by J. P. Penney with record second-quarter operating profits, had little effect on the stocks. Penney held unchanged at \$77%, and others reporting programs included. and others reporting progress included Woolworth, 5% up at \$41%, Limited, of Ohio, up \$% at \$30%, and Wal-Mart, up \$1/2 at \$451/4.

The excitement in the precious and hase metal mining issues died down somewhat, with Asa, the closed-end gold mining investment trust, shedding 5% of its gain to \$34% and Homestake Mining down \$1 at \$24%. Others to turn off included Campbell Red Lake, down \$1% at \$16%, and Newmont Mining, \$2% off at

Interest-rate sensitive stocks continued to respond to Wall Street's conviction that rates have further to fall. The best gains came in insurance where Aetna Life & Casualty gained \$% to \$61%, General Re-insurance jumped \$2% to \$65% and American International \$3% to \$13614.

Banking stocks were mostly firm again, led hy Citicorp, \$\% up at \$47, and Chase Manhattan, up \$\% at \$40%. The weak spot again was BankAmerica, down another \$% at \$12%, barely \$% above the all-time low as Wall Street pondered the sudden departure of the chief financial officer, after only three months in office.

Special situation stocks provided many features. Owens-Corning Fiherglas at \$79% rose \$1, well clear of the \$74-a-share offer from Wickes which the Owens board is opposing.

The board plan to buy in 10m shares stoked up National Medical hy \$1% to \$22%. Big Three Industries gained \$5% to \$29% as the market awaited a promised clarification of the disclosure of talks with another company on a possihle material transaction.

International Paper held steady at \$64 after its \$1.08bn offer for Hammermill Paper, also unchanged at \$64. International is offering \$64 a share against the \$57 from Mr Paul Bilzerian's group, which Wall Street expects to drop out of the fight.

Other scattered features included Quaker Oats, up \$1% at \$82% on sharply higher profits and plans to sell its speciality retailing husiness. Parker Hannif in at \$23% added \$1, also on good profit

In the credit markets Treasury bill rates edged higher despite federal funds at 8% per cent. Three-mooth Treasury hill rates dipped four hasis points to 5.60 per ceot. The bond market opened a shade easier but then steadied as the Federal Reserve Bank intervened with 51.5hn in customer repurchases. The bond market was unwilling to ahandon its hopes that the US and West Germany would co-ordinate reductions in their respective interest rates

#### EUROPE

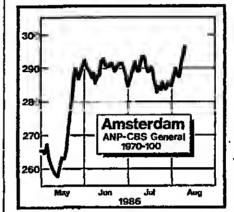
# Stockholm, **Amsterdam** hit peaks

REKINDLED HOPES of lower interest rates paved the way for a fresh pair of records oo the European bourses yester-

Stockholm reached a peak in heavy trading triggered by the growing belief that world interest rates might be cut in a concerted move hy central banks and the hope that relatively high domestic rates would be cut by a proportionally higher amount.
Institutional huying, hacked hy strong

chips with leading car maker Volvo SKr 1 higher at SKr 407 and electrical appliance group Electrolux SKr 2 ahead at SKr 307. overseas demand, concentrated on hlue

Ericssoo cootinued to find buyers and jumped SKr 5 to SKr 227 while leading pharmaceutical group Astra gained SKr



10 to SKr 705. Pharmacia closed SKr 3 higher at SKr 210 while Fermenta, one of the few issues to lose ground, slipped SKr 1 to SKr 145 ahead of the board meeting this week to discuss the Montedison takeover.

The Veckans Affarer all-share hreached the 900 barrier with its 9.6 jump to 895.1 on one of the highest turnovers of the year of SKr 565m, compared with Monday's SKr 321m.

Amsterdam also broke new ground with its 3.3 rise in the ANP-CBS General index to 296.6. An early advance, on the strength of the firmer tone in West German credit markets and the overnight showing on Wall Street, was extended with the better-than-expected profits for Unilever, up FI 6.50 at FI 512. The broad market turned off its highs in late trad-

Hopes of interest rate cuts, galvanised by the Volcker trip to West Germany, continued to underpin sentiment, with steady Swiss and British buying detect-

Philips, due to report second-quarter results today, lost FI 1 to FI 50.80 while KLM, expected to report tomorrow, closed 30 cents higher at FI 49.50.

Bond prices stabilised although the CBS bond index hit a new peak with a 0.1 gain to 116.2 with the average yield on Dutch state bonds down to a record low of 5.94 per cent from Monday's 5.96

Frankfurt was subjected to a mild dose of profit-taking which trimmed 12.5 points off the Commerzbank index's recent dramatic gains to 2,002.0. Sentiment is described by many brokers as fundamentally hullish, however, partly due to hopes that the Bundesbank will move soon on rates.

VW resisted the late technical downturn in a mixed car sector with its DM 9.40 gain to DM 513 while BMW was DM 7.50 higher at DM 538.50 ex-dividend and Daimler, which announced details of its new car plant, dropped DM 3.50 to DM 1,243 after showing an early gain of

Stronger first-half profits failed to help Veha which lost 50 pig to DM

279.50. Deutsche Bank, which forecast West German economic growth of about 3 per cent for the second half, edged DM 1.30 down to DM 825.70 in a slightly firmer banking sector.

Recently listed sports goods maker Puma surged again with n DM 105 gain to DM 1,040.

Bond prices firmed although overseas demand was inhibited by the stronger dollar. The Bundesbank bought DM 41.3m of paper compared with Monday's sale of DM 89.1m.

The central bank also announced the acceptance of DM 10.1hn in a 28-day repurchase agreement at a 4.35 per cent rate. The new pact partially replaces DM 14.5bn in existing repurchases agreements, also set at 4.35 per cent,

Paris made modest progress in quiet trading, with construction issues again featuring. Brussels closed firm, Zurich was actively higher and Milan advanced in thin trading. Madrid rallied, and Olso turned quiet.

#### LONDON

REVIVED interest-rate hopes provided the impetus for Loodon equity markets yesterday as strong huying in gold and platinum-related issues petered out.

Further encouragement was derived from the strong overnight performance on Wall Street and the better-than-forecast profits of Unilever, up £1/4 at £16. Other strong points were Pearson, 20p higher at 525p, ICI, 19p up at 99p, and Commercial Union, 7p ahead at 306p.

The FT Ordinary index added a fur-

ther 13.3 points to 1,242.0, a two-day gain of over 24 points, while the FT-SE 100 rose 15.4 to 1,558.2.

Gilts were also confident, with longs nearly a point higher and shorts rising on light demand.

Chief price changes, Page 29: Details, Page 28; Share information service,

#### **AUSTRALIA**

AN EASIER trend emerged in Sydney with the market dragged down by a sharp turnround among leading gold stocks and a weakening in the industrials sector.

The All Ordinaries index was 4.5 easier at 1,149.4 while the gold index fell 14.6 to 1,138.1 after peaking at around

Brokers expressed surprise at widespread late selling of gold stocks after a strong rally during the morning. The downturn was attributed to renewed speculation about the Imposition of a gold tax and reports that the US might sell some of its gold reserves to counter any gains that South Africa may reap from the metal's shortage.

Central Norseman fell 50 cents to A\$10.40 and Kidston 10 cents to A\$2.90. Barrack firmed 30 cents to A\$6.40, and Sons of Gwalia put on 16 cents to A\$5.86 after peaking at a record A\$6.

#### **HONG KONG**

A SHARPLY lower performance was seen in Hong Kong as the market consolidated after last week's rally. The Hang Seng index shed 22.04 to 1,905.

Analysts expect the index to dip below the 1,900 level before any further rally occurs' and that is unlikely before the announcement of Hang Seng Bank's interim results for 1966, which are scheduled to be announced on August 22.

Among leaders Cheung Kong fell 40 cents to HK\$24.10, Swire Pacific 30 cents to HK\$13.50, Hutchison Whampoa 24 cents to HK\$33.25 and Jardine Matheson 20 cents to HK\$15.10.

China Gas fell 20 cents to HK\$16.70, despite market speculation that the company would be a target of hostile takeover moves.

#### SINGAPORE

OPTIMISM generated by promising economic statistics underpinned solid pur-chases of Singapore blue chips by foreign institutions and local private investors which took the Straits Times industrial index up 7.36 to 760.07. Malaysian stocks were, however, out

of favour after reports that Malaysia's Bank Negara had suspended 23 deposittaking co-operatives.

Market leader Singapore Airlines was

the most actively traded issue, adding 5 cents to S\$7.40. Among other active stocks, QAF gained 4 cents to S\$1.05 and Haw Par 6 cents to S\$3.18.

## TOKYO **US** gains trigger upsurge

THE OVERNIGHT surge on Wall Street sparked a spate of huying in Tokyo which drove prices sharply higher, with the Nikkei market average posting the second-largest rise on record, writer Shigeo Nishiwaki of Jiji Press.

The index gained 315.58 to 17.794.69. Volume swelled to 630m shares from Nondorg 300m with advances exceedhegin

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Monday's 399m, with advances exceeding declines by 533 to 320 and 107 issues unchanged.

Japanese investors speculated that Japanese investors speculated that prices would continue rising on stock markets worldwide following the upturn in New York, which saw the Dow Jones industrial average regain the 1,800 mark, and the strong performance in Frankfurt, both bolstered by expectations of concerted interest rate cuts by the leading industrial nations.

In Tokyo heavy electricals utilities

In Tokyo heavy electricals, utilities, steels, shiphuildings and other largecapital stocks were in demand.

Toshiba topped the active list with 71.75m shares changing hands and rose Y4 to Y567. Nippon Kokan was the second-highest with 50.44m shares traded, advancing Y9 to Y242. Ishikawajima-Harima Heavy Industries gained Y16 to Y409, and Nippon Steel added Y6 to Y196.

But the recently selected Mitsubishi Heavy Industries fell Y1 to Y540 although it was the fourth most active stock with 43.92m shares.

Tokyo Gas, third with 48.45m shares. jumped Y43 to Y835, and Tokyo Electric Power soared Y280 to a record Y6,150, surpassing the previous peak of Y6,090 reached on August 5. Among issues which stand to benefit

from domestic demand expansion, constructions fared well. Ohbayashi added Y39 to Y817 and Kajima Y55 to Y1,050. Assets-heavy stocks and real estates

attracted strong huying interest. Nippon Express added Y80 to Y1,130, Mitsuhishi Estate Y120 to Y2,230 and Mitsubishi Warehouse Y50 to Y1,380. Lagging synthetic fibres and cotton

spinners performed strongly, with Teijin gaining Y25 to Y563 and Kanebo Y17 to Securities houses remained in the

spotlight. Nomura Securities rose Y130 to Y3,040, topping Y3,000 for the first time. Daiwa jumped Y100 to Y1,960 and Hamaichi Y230 to Y1,750.

Financial issues rose on a wide front. The Industrial Bank of Japan closed Y100 higher at Y2,150 while Tokio Marine and Fire Insurance finished at Y1,510, up Y110.

Kokusai Denshin Denwa (KDD) became the first Japanese stock to exceed Y40,000 reaching Y41,200, up Y1,400. Toho put on a sharp Y1,300 to Y24,000 and Japan Air Lines Y200 to Y10,900.

Bond prices firmed in response to the futures market's rise, again touched off by rumours that Japan, the US and West Germany might lower official discount rates concertedly in September.

The yield on the benchmark 6.2 per cent government bonds, maturing in July 1995, ended at 4.675 per cent, unchanged from the previous day. The yield on the 5.1 per cent bonds, falling due in June 1996, declined to 4.970 per cent from Monday's 4.990 per cent.

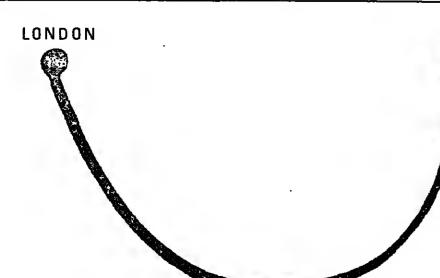
SLUGGISH trading left most sectors lower in Toronto as golds weakened and mines lost ground.

Oils resisted the lower trend, with Texaco Canada adding CS% to trade at C\$26% and Shell up C\$% to C\$21% as it raised posted crude oil prices. Canadian Pacific was unchanged at

C\$15% among the actives while Dome Petroleum dropped 14 cents to C\$1.26 In Montreal mining and utility issues dragged the market lower.

#### SOUTH AFRICA

A TECHNICAL correction, triggered by the steadying of the bullion price, trimmed recent gains in Johannesburg. Vaal Reefs fell back R12 at R307, after hitting R322 on Monday, while Grootylei lost 65 cents at R13.15. Platinums mirrored gold's fortunes, with Impala down R2.75 at R54.50.



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